THE MAGAZINE OF WALL STREET

APRIL 14, 1934

The Time to Buy Stocks

By A. T. MILLER

Business Ready to Go But for Politics

By JOHN D. C. WELDON

Investment Opportunities for Income and Profit

By The Magazine of Wall Street Staff

C. G. Wyckoff
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VOL. 53 — No. 13

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THE PENNSYLVANIA RAILROAD

SUMMARY OF ANNUAL REPORT FOR 1933

THE 87TH ANNUAL REPORT of the Pennsylvania Railroad Company, covering operations for 1933, will be presented to the stockholders at the annual meeting on April 10th, 1934. The report shows that although total operating revenues declined over $6,600,000, or 2.0%, as compared with 1932, the Company earned a net income of $19,281,169 as compared with $13,573,536 in 1932. Net income for 1933 was equivalent to 2.93% upon the outstanding capital stock at the close of the year as compared with 2.06% earned in 1932 upon the amount outstanding at the close of that year. Net income per share (par $50.) was $1.46, as compared with $1.03 in 1932.

OPERATING RESULTS

	1933	Comparison with 1932 Increase or Decrease
TOTAL OPERATING REVENUES were	$324,715,814	D$ 6,677,644
TOTAL OPERATING EXPENSES were	226,768,347	D 15,243,256
LEAVING NET REVENUE of	$ 97,947,467	I $ 8,565,612
TAXES amounted to	24,459,600	D 3,771,830
EQUIPMENT, JOINT FACILITY RENTS, etc., amounted to	11,511,008	D 507,378
LEAVING NET RAILWAY OPERATING INCOME of	$ 61,976,859	I $12,844,820
INCOME FROM INVESTMENT AND OTHER SOURCES amounted to	41,619,599	D 4,979,792
MAKING GROSS INCOME of	$103,596,458	I $ 7,865,028
RENTAL PAID LEASED LINES, INTEREST ON FUNDED DEBT AND OTHER CHARGES amounted to	84,315,289	I 2,157,395
LEAVING NET INCOME (Equal to 2.93% of Capital Stock)	$ 19,281,169	I $ 5,707,633

A dividend of 1%, amounting to $6,583,848, was paid to stockholders on March 15, 1934, and charged against net income for 1933.

* * *

Achievement of the results recorded above, notwithstanding the continuation of adverse business conditions, reflects outstanding credit upon the officers and employes. The stockholders and bondholders are again reminded that by continuing their cooperation of the past they will be of great assistance in promoting a return of prosperity which will be of immeasurable benefit to themselves, the Company and the Nation.

W. W. ATTERBURY,
President

Philadelphia, Pa., April 3rd, 1934

THE PENNSYLVANIA RAILROAD

SHIP AND TRAVEL VIA PENNSYLVANIA

Stockholders may obtain copies of the Annual Report from J. Taney Willcox, Secretary, Broad Street Station Building, Philadelphia, Pa.

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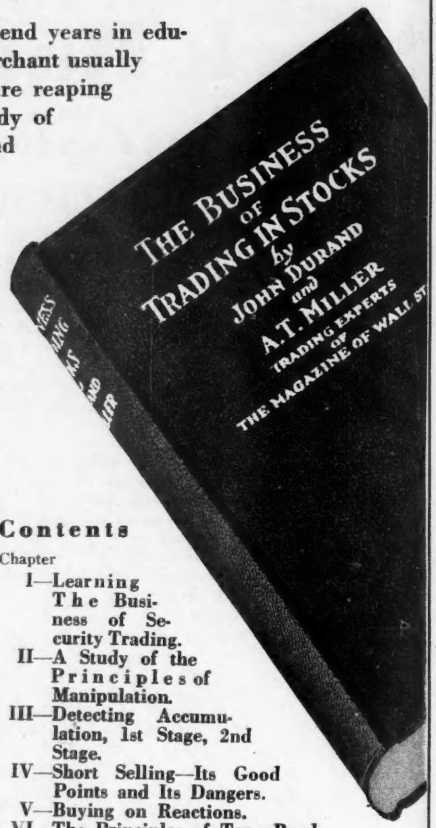
In any other profession it is generally understood that a man must spend years in education and apprenticeship before starting out for himself—and the merchant usually starts out as an errand boy. In trading in stocks, too, the men who are reaping handsome returns, year after year, are those who make a serious study of the subject—and develop a method best suited to their funds and abilities. In developing the ideas suggested in The Magazine of Wall Street, this book can help you.



The Business of Trading in Stocks

By John Durand and A. T. Miller

Including a Formula for Determining Common Stock Values in This Second Phase of Economic Recovery

160 pages, profusely illustrated with Charts and Graphs

This new book gives a clear, authoritative exposition of the fundamental principles essential to successful trading under present-day market conditions.

Written by two experts who know trading—who know how to explain this profitable subject so that the average businessman can understand and apply the principles for his greater profit—this book stresses the desirability of planning a method suited to your individual needs.

Mr. Durand's formula for determining common stock values is **particularly important. It can enable you to always know WHEN TO BUY and WHEN TO SELL those stocks in which you are most interested. Numerous charts and graphs of well-known securities illustrate important points clearly and simply.**

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WITH THE EDITORS

What Is a Fair Profit?

IN his annual report, President Alfred P. Sloan, Jr., of General Motors, says that industrial recovery is now under way with "irresistible force"—that it may be accelerated or retarded by governmental influences, but that its general trend is superior to such considerations. This statement is soberly provocative. We have experienced a considerable economic recovery during the past year. Has it developed because of the numerous experiments of the present Administration or in spite of them?

The economic revival in the United States, in Canada and in Great Britain is, roughly, the same. The degree of currency depreciation in each of the three is approximately the same. Unquestionably, monetary measures have been a potent stimulant for each, but beyond this the similarity ends. In Canada and Great Britain the rule is a minimum of paternalistic interference with business. In each capital is hopeful, if not confident. Here attempted governmental regulation of economic forces grows ever more elaborate. Here capital remains timid. What is it afraid of?

For one thing, it is afraid that under our present policies of bureaucratic regimentation, it will be prevented from earning adequate profits. The New Dealers hold that re-employment and higher wages must be put ahead of profits. Yet from Washington industry has only the vague warning that profits must be limited—without any definition of the Administration's idea as to even the approximate percentage return capital should receive on its investment. One of the fallacies dear to the hearts of our well-meaning planners is that excessive industrial profits during the last boom constituted an important cause of the depression. We suspect that this theory, unfounded on fact, accounts for much of the Administration's philosophy anent the redistribution of national wealth and income.

What are the facts? Statistics of income of all manufacturing companies in the United States from 1919 to 1932 have been compiled by the Treasury. On a fourteen-year average, 85,651 corporations had sales or gross income of $53,941,000,000 and earned a profit of 3.76 per cent on gross sales. In the boom year 1929, 92,230 companies had sales of $72,132,000,000 and their profit on such sales averaged 5.35 per cent. While comparable figures are not available, it is improbable that average return on aggregate capital invested over this fourteen-year period would show up any more favorably.

In short, the evidence is conclusive that capital's share of the total value of the industrial output retained as profit was not exorbitant, but, on the contrary, was reasonable and moderate even in the best year. Moreover, out of total income produced of $83,037,000,000 in 1929; $70,484,000,000 in 1930; $54,652,000,000 in 1931; and $38,349,000,000 in 1932—wages and salaries took, respectively, $52,867,000,000, $48,688,000,000, $41,027,000,000 and $31,595,000,000. In other words, of total income produced, labor got 63.6 per cent in 1929; 69.6 per cent in 1930; 75.1 per cent in 1931 and 82.5 per cent in 1932.

Without normal profit ratios the capitalistic system can not function in normal fashion. Unless and until it is permitted to function normally, there will not be normal national income to be distributed. Surely no one would contend that re-employment and higher wages must come ahead of national income! Yet this statement, applied to our system, does not differ in reality from saying that re-employment and higher wages must come ahead of profits.

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Profit Possibilities in Air Conditioning and Electric Refrigeration
By W. W. Hay

Can Public Utilities Stand the Gaff?
By Francis C. Fullerton

Co-ordination of Transportation Opens Way for Rail Comeback
By Pierce H. Fulton

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The Trend of Events

— Road to Recovery

— Silver Lining of Defeat

— The Price Fallacy

— Stock Exchange Control and More

—Low Wages for Money

ROAD TO RECOVERY

BEFORE a disease can be cured the first necessity is accurate diagnosis. Hasty, erroneous or incomplete diagnosis for a year has been a weakness of the Administration's program, with the result that impulsive improvisation has all too often masqueraded as economic planning. It is, therefore, a highly significant and encouraging thing that the Administration has now for the first time made a realistic diagnosis of the precise reasons why, despite all previous Federal stimulants, depression and unemployment persist. As repeatedly pointed out by this publication, the fact is that sub-normal economic activity and sub-normal activity in the capital goods industries are one and the same. That's *where* the depression is. That's *where* the unemployment is. For example, Federal Reserve Board statistics show that during January and February activity in the heavy manufacturing industries was 55 per cent below that of the corresponding months of 1929, but only 15 per cent lower for the consumption goods industries. Mr. Roosevelt's National Emergency Council has been studying this problem. It is indicated that the Government's next major recovery campaign will center in a planned stimulation of residential construction and of housing rehabilitation and modernization, with or without direct Federal financial aid. While too much should not be expected of the coming "housing drive," it is at least a step in the right direction. But if it is merely another P W A the results are certain to be disappointing, for that would be to ignore fundamental causes. What is lacking is confident private initiative and a normal flow of capital into long-term investment. Here, in turn, the causes lie largely in the Administration's own policies, notably a variety of repressive reform measures, the instability of the budget, the uncertainty as to the dollar's ultimate value. An improvised housing program is not the final answer, but it does imply that in its groping search for the recovery road the Administration is getting warm. Perhaps in time, under the slow compulsion of events, the Washington diagnosis will reveal the real germs, politically-created obstacles will be ironed out and recovery will sanely proceed. Compared with the normal volume of private spending in this country, the Government's emergency spending is verily a drop in the bucket. Government planning is a feeble substitute for confident private initiative.

SILVER LINING OF DEFEAT

ALL honor to President Roosevelt for standing by his guns and going down in a veto defeat on the question of restoring the economy cuts in pensions and civil service salaries!

But we do not feel either the concern for the credit of the nation or the indignation toward Congress that we might have felt in other circumstances.

In the first place, rapidly rising revenues and further taxation seem to promise that the so-called ordinary budget may be able to stand the breach made in it by the $228,000,000 excess appropriations caused by the defeat of the veto. At the same time the outward flow from the extraordinary budget is proceeding less torrentially than expected. In the second place, the agility with which the Administration has been able to flop items from the ordinary to the extraordinary budget and the prodigal expenditures it has so equanimously made under the latter heading afford extenuation of the offense of civil servants, ex-soldiers and Congressmen against the integrity of the exchequer.

THE PRICE FALLACY

ACUTELY depressed raw materials, particularly farm products, have had a notable price recovery; and that, on the whole, is a desirable thing. Unfortunately, however, the New Deal policies—and especially N R A—have also tended to produce an artificial mark-up in prices of finished goods, an advance which unquestionably has thus far run ahead of the recovery of national purchasing power. In the broadest sense, regardless of temporarily augmented profits for many enterprises, this is not a good thing. It is time to pause and reflect. We are heading dangerously toward a price economy, fallacious in its basic philosophy. To produce less and charge more for it is sheer folly. It was not thus that the American standard of living over a century and a half became the highest in the world. What we need is volume production at costs which do not contract the aggregate purchasing power. It is on *this* philosophy that Henry Ford has made a vast fortune. Indeed, this heretofore has been the basic creed of the motor industry. No one will begrudge it its profits, for it has given more to the American public than it has taken. Mr. Ford, in an interview with the Dow, Jones news service, announces that neither higher wage costs nor rising materials can force him to raise the price of his car. "When prices go up," says Mr. Ford, "business goes down." This homely truth may well give pause to those at Washington and elsewhere who think that salvation lies in the earliest possible return to the 1926 price level.

STOCK EXCHANGE CONTROL AND MORE

ONE can hardly quarrel with the objectives of the pending Stock Exchange Control Bill. It is not unreasonable that the country's security exchanges should be regulated with a view to making their practices "fair" and their absorption of credit for purely speculative purposes not unduly large. But if these objectives can be attained only—and not then with any certainty—by an all-powerful Federal bureaucracy, which, will not only regulate the exchanges but actually operate them, and at the same time exercise many of the functions of management in industry, it is time to ask whether the cure is not worse than the disease. For a time corporations went their way serenely unconscious that stock exchange "control" meant anything to them, but now that the significance of the methods proposed to attain this "control" is dawning on them, they are rising in vigorous protest. There have even been threats of de-listing securities, regardless of the possible damage done innocent stockholders whose protection is the real aim of the proposed legislation. As the situation stands today, it would seem that no bill were better than the one proposed. At the same time slight modification would make it a good bill. There should be no rigid margin formula, no right to prescribe how a company is to keep its books, how it is to appraise its assets and liabilities, nor how to determine depreciation and depletion. It is enough that stockholders be informed as to what accounting methods are pursued and that they be sound and reasonably revealing. Modification of the sections that deal with these subjects together with one or two others dealing with the technical operation of an exchange would remove the most objectionable features of the bill. Fortunately, there is an excellent chance that the bill will not be passed in its present form, although it would be hazardous for the legitimate business and investor opposition to relax until a satisfactory outcome had been assured.

LOW WAGES FOR MONEY

THE wages of capital go persistently down because the supply is abundant and normal business demand is lacking. The State of New York has floated $50,000,000 of long-term bonds at an interest cost of approximately 2.88 per cent., the lowest in its history. The United States Treasury on April 15 will exchange approximately $1,000,000,000 of long-term 3¼ per cent bonds for outstanding 4¼ per cent bonds or redeem in cash any part of the outstanding obligations not offered for conversion. Within less than a week from announcement of the terms of this financing the Treasury received exchange subscriptions amounting to approximately $550,000,000. The conversion appears to be an assured success. Inspired by these two operations, the bond market has reached a new high of recovery. Low interest rates and the post-depression accumulation of idle capital normally are powerful forces for the generation of a new upswing of the economic cycle. Ultimately, capital will venture from its refuges in search of higher wages.

THE MARKET PROSPECT

OUR most recent investment advice will be found in the discussion of the prospective trend of the market on page 650. The counsel embodied in this feature should be considered in connection with all investment suggestions elsewhere in this issue.

Monday, April 9, 1934.

As I See It — By Charles Benedict

The Most Colossal Gamble in History

A YEAR ago last March, the country was faced with a dire emergency. It was in the depths of depression. Banks were closed, unemployment was at its height, the wheels of industry barely turned, prices were at their nadir, fear was rampant.

With the inauguration of President Roosevelt the picture changed, courageous action supplanted inaction. Great risks were assumed that great ends might be attained. The most colossal gamble in history was undertaken with ten billion dollars of public funds staked on recovery. The effect of this bold program was electric. The country was united in a desire and effort to justify that great stake and effect recovery.

Today the bet is being won. We are well started on the upward climb. Enforced deflation is behind us. Real estate, the farm staples, raw materials and securities will not again see the depths of 1932. Industry is champing at the bit to go ahead, so certain is it that it can make the grade. Under such circumstances, why is it necessary to continue this great gamble which originated only in the idea of supplying the necessary stimulus to rouse us from the despondency into which we had sunk? For the Government to continue to use hypodermics on a patient well on the road to recovery is not only harmful but may be conducive to the habit of requiring stimulation continuously.

The Administration, although it proclaims that business is on the way up, still seems to be reluctant to abandon the policies which were necessary only in an emergency. The great gamble to which we were willing to commit ourselves last year is out of place today,—and to persist in it will only retard and even undo the splendid work which has been accomplished at such a great sacrifice to the whole country. In short, the hand of government from now on should be less and less apparent in private industry, commerce and finance.

It is encouraging, that in the midst of much working at cross purposes, one or two healthy tendencies are apparent that suggest doubt in high places over the wisdom of continuing former policies. One such is General Johnson's objection to further licensing of industry based on his experience after a year of administering the N R A codes. The N R A unquestionably fulfilled a needed function in co-ordinating industrial activity and controlling its possible excesses in a time of great stress. But, there is no occasion for it to become all inclusive nor to be further extended. It can only defeat the very purpose for which it was created.

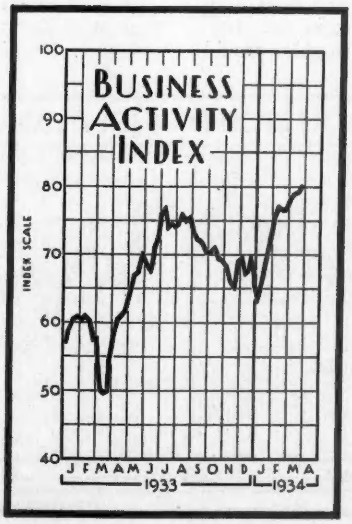
Another hopeful sign is the gradual recognition that employment and sustained prosperity lie in the development and revival of the capital goods industries. The "New Securities Act" with the responsibilities which it imposes on directors as well as the proposed Stock Exchange legislation by their interference with the free flow of capital are greatly hampering revival and may prove a serious deterrent to enduring recovery. This is well pointed out in a recent letter to the N R A codes, subscribed to by the chief executives in fifteen leading industrial corporations:

"Existing unemployment in industry is traceable in large part to the reduced volume of private capital flowing into private enterprise and to the enormous losses sustained by business since 1929. Durable goods, the source of the greater part of all industrial unemployment, are financed largely by the proceeds of security sales. In addition, many enterprises within the group are so short of capital, due to past losses, as to be unable to operate effectively without new financing.

"These conditions make it imperative to restore the normal flow of new capital into private enterprise. In the ten years ended with 1930, the volume of new capital moving into enterprise in the United States was about $4,000,000,000 per annum. In 1933, this had been reduced to $160,000,000, or about 4 per cent of this annual average. This compares with about 56 per cent in 1933 of the same ten-year annual average in the United Kingdom."

It must be apparent to anyone that the requirements for new capital, even in the most severe of all depressions, could not have sunk to such a low level as 4 per cent of the normal volume of new financing. Too stringent legislation, —too much of a desire to couple terrifying and radical reform with recovery provide the answer.

The situation today is much changed compared with what it was even a year ago. There is no question that capital has come to recognize that what is good for the country as a whole is good for capital itself. Since the Government has been largely responsible for bringing about this recognition it seems that the Administration should co-operate with industry to speed revival unaided, rather than put checks on possible progress, thereby discouraging attempts at independent enterprise and justified expansion.



Industry is in accord with the President in making legitimate and necessary reforms of evils which have crept in during an extended boom, but industry cannot be expected to surrender control to a group of impractical and inexperienced idealists no matter how good their intentions may be. It is quite right in feeling that the time has come to abandon the crutches of government support and proceed without further aid or interference.

The Time to Buy Stocks

More Favorable Washington Developments Coupled with Business Gains Improve Near Term Outlook

By A. T. Miller

HAVING declined to get more than mildly pessimistic during March, the stock market has apparently decided to get mildly optimistic with the advent of April and the spring. As this article is written, there have been eight successive trading days of uninterrupted advance. On each of these days the speculative movement has been about as exciting as a snail's progress through a June garden. Yet every little bit, added to what you have, makes just that much more—with the result that in a week the market has regained approximately half of the total ground lost during seven weeks of intermediate reaction between the year's high of February 5 and the 1934 low of March 27.

In this immediate setting there will no doubt be some deep thinking in the ranks of the in-and-out traders who hopefully play for the ripples in the tide. A 50 per cent recovery of the preceding intermediate reaction is usually regarded as about all one should expect on technical calculations. That traders reason this way is enough in itself to guarantee that the sequence of uninterrupted advance will be at least temporarily broken.

These, however, are trivial considerations, likely to be washed away even before this magazine can find its way to the mails and the news stands. For anyone wise enough to ignore the speculative ripples and wavelets, the recent market movement has presented features of more than transient interest.

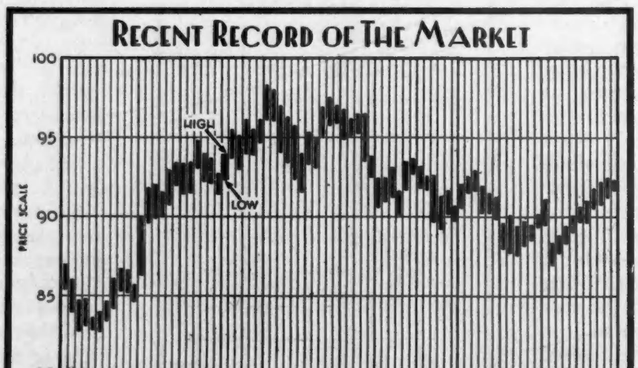
In the first place, with regard for the spring outlook, the negative evidence of March is probably more important than such positive evidence as the early price movement of April has yet afforded. In March the market had a variety of good excuses for going down. The business skies were darkened by the threat of a crippling strike in the automobile industry and the fear that labor troubles would spread to the steel industry. Most of the news from Washington—whether concerning Federal regulation of the markets, a renewed N R A drive or the effort of left-wing politicians to turn industry over to the American Federation of Labor through the Wagner bill—was scarcely calculated to ease speculative nerves.

Yet the market extended the February decline by substantially less than 2 per cent. One can only conclude that this performance reflected a significant lack of genuine liquidation, a firm sub-surface demand for stocks and a strong technical position. Quite naturally, following so successful a test of the probable limits of immediate reaction, previously deferred hope regarding an intermediate advance into the spring was resurrected.

The seven-day rally to date is interesting, even though not conclusively so, because it has more nearly resembled a normal market advance than anything we can remember since the abandonment of the gold standard a year ago. Month after month the market movement had consisted of nervous and sharp gyrations as everybody rushed to buy or to sell on the same piece of Washington news. A one-way movement lasting as long as three days without interruption was a novelty. Technical considerations from day-to day became almost a farce. Speculative congestion on the buying side alternated rapidly with congestion on the selling side.

Paradoxically, rallying tendencies have co-incided with somewhat higher quotations for sterling, the lower sterling value of the dollar suggesting a revival of inflationary thoughts. Yet at the same time vigorous advance has carried the bond market to a new peak of recovery and many high grade bonds are at the highest levels ever reached in modern times. Moreover, there has been nothing in the action of the speculative commodity markets to support any inference that inflation can be an immediately live question, even though the possibility will persistently lurk in the background until there is much more assurance than presently prevails that the Federal budget will in fact be balanced within a year or two.

It is at any rate encouraging to reflect that often important market advances have their origin in just the kind of quiet, creeping rallies that have recently been seen. Such general advances also are often preceded by a quiet but notably bullish trend in preferred stocks. This favorable omen is present today.



Admittedly, all factors are not favorable. They never are. As we near the peak of spring business, especially in automobile production, there is growing conjecture as to the probable course of business activity as summer approaches. Then, too, at this writing sporadic labor troubles

have again broken out among the tool and die makers around Detroit and in the plant of one accessory manufacturer.

In view of the successful formula with which the Administration prevented a general strike of automobile workers, one may hope with reason that the present lesser difficulties will be ironed out.

As for the business prospect, it is to be doubted that any reaction over the next few months will prove serious, even though some slackening of the recent pace of recovery would be natural. It is a notable fact that employment and wages during February and March have scored wide gains. Since commodity prices in recent weeks have tended to flatten out and even decline a trifle, there has been an important advance in real wages and consequently in purchasing power. This should tend to constitute a solid foundation for persistent business recovery, contrasting sharply with the speculative advance, based on forward buying of goods, which leaped into high gear as prices began to soar a year ago.

It is on the favorable side also that the Government's budget deficit at the end of the fiscal year in June is likely to be fully $2,000,000,000 less than was forecast some months ago by President Roosevelt in his frank summary of the $10,000,000,000 New Deal recovery program. Accordingly, there is less reason to fear that a tapering off of Federal emergency expenditures later this year will result in a serious business spill. That fear would have been well-founded if the Administration had recklessly forced its spending to bring about an exaggerated and artificial business spurt during the first half of the year.

Instead, Federal spending has become more careful and Federal revenues have improved. There has been no spree in business. Indeed, there has been increasing inclination on the part of business itself to recognize the natural recovery forces as being infinitely more solid than the artificial forces.

Thus, it may be reasoned that if a healthy, natural revival continues, there will be less and less need for emergency Federal spending and the budget deficit originally predicted will be further whittled down. On the other hand, if need arises, the Administration will be in the fortunate position of being able to spend during the second half of the year $2,000,000,000 of emergency funds which were not spent during the first half—without upsetting the budget to which the country has become reconciled. Thus, it may be reasoned that plenty of inflationary ammunition is still on hand. When one adds to this the fact that further ultimate depreciation of the dollar is possible and that Congress seems persistently intent on doing something more for silver, it is not surprising that investors appear reluctant to sell sound securities.

On balance, it would appear that the odds favor the bull cause both for the long term and for the weeks just ahead. Accordingly, we reiterate previous recommendations that investment holdings be kept intact and that periods of technical reaction be availed of for selective accumulation by those whose available funds are not adequately committed.

In the double picture that one sees in keeping one eye on Washington and the other on business, the image at present appears to be becoming at least moderately more favorable. There are tentative signs that the Administration is inclined to rely a bit more on natural recovery forces and to soft-pedal a bit on the various social and economic pills that we have been forced to swallow during the past year.

It is significant that emphasis has shifted from N R A as a forced recovery measure—probably permanently—and that Washington has formally recognized the fact that further economic revival depends almost entirely on recovery of the capital goods industries. This summer is expected to produce a Federally-initiated effort to stimulate residential construction. Whatever the results, they can only be on the favorable side, for, unlike certain other Federal policies, this one is aimed in the right direction.

Each passing week brings additional second thought in Congress on the matter of Federal regulation of the security markets. Opposition, particularly by business and industry, to the Fletcher-Rayburn bill is steadily growing and the longer the Senate and House committees take to consider the problem, the more probable it becomes that intelligent modification will be had. Even among some of the country's notable liberals, criticism of overzealous reform, is rising steadily.

Recent records of business show activity well maintained, with the automobile industry a particularly bright spot. With production nearing its seasonal peak, however, the next question centers on sales to consumers and in this respect a new element has entered the picture in the form of substantial price advances by most producers, including General Motors and Chrysler. The Ford Motor Co. has announced that it will not raise prices. The result is that Ford's competitive price margin in comparison with that of the two other most popular low-priced cars has been further widened. The February new car registrations show General Motors had 35 per cent of the market, Ford 30 per cent and Chrysler 25 per cent. This represents a substantial comeback for Ford.

The steel industry for the latest week operated at 48½ per cent of capacity. As with the motor industry, however, chief interest centers in the recent sharp mark-up in prices of the majority of steel products. The advance ranges generally from $2 to $8 per ton and follows closely upon the industry's action in raising wages 10 per cent. The new level of prices, effective at the end of the quarter, undoubtedly will tend to stimulate second quarter buying, in anticipation of future needs. Yet the longer term wisdom of the price rise is certainly open to grave doubt. On the average the proposed level of steel prices will be only some 5 per cent under that of 1929. Thus will the disparity, in relation to many raw materials, be further widened. What the steel industry needs is normal volume. High prices in the long run curtail volume.

Electric power production for the latest week shows a large gain and the index, adjusted for seasonal variation, is at the highest level since last July. The gain in the central industrial area has been especially notable and reflects the expansion of industrial demand. Railroad carloadings have experienced a trifling decline, but the loss is less than of seasonal proportions. Retail trade holds around the March levels.

In the past fortnight the chief executives of such dominant corporations as United States Steel, General Motors and the Pennsylvania Railroad have publicly expressed the opinion that the tide of natural economic revival is without question rolling in. To this is added a plea, increasingly joined in by all business, that Washington let it alone and give it a chance. We risk the guess that this sentiment will grow and that Washington will have to heed it.

If Industry Must Be Regulated Why Not Labor?

Present Truce Does Not Insure Permanent Peace

By Thomas Calvert McClary

CALL the bloodless battle at Detroit between the American Federation of Labor and the Automobile Chamber of Commerce what you will—victory for labor or victory for capital—it has checked the onsweep of the Federation to quick government-sanctioned triumph over the employers. True the trouble is not over. The renewed rumblings among the workers which are apparent at this writing in a few motor companies and the discontent over the newly appointed labor board, show that. It may be that the wrestle to the death is only postponed. It may be that from the truce the issue will develop into something new, something pacific, just and constructive.

The New Deal has given labor organizations and labor pay a new economic significance. More money for the masses is an essential part of Rooseveltian recovery and reform programs. Short hours and big pay have become the officially approved requisites of the war on depression, and essentials of maintained prosperity in the years to come. The labor problem, virtually a dead volcano in America since the War, has begun to emit fire and smoke and threaten a deadly explosion. Organized labor took the National Industrial Recovery Act to be a charter for it to impose its will on employers; and, it swept forward in an exultant wave of expanding membership. Men signed up with the unions with almost the alacrity that business concerns crystallized under codes, especially when it became evident that the Code Authorities had no collective power to deal with labor problems, while the favor of N R A was heavily with the A. F. of L. (and other) national unions. The Authorities got stern orders from Washington, the unions got loud applause.

The Vision of Labor Rule

Capital was cowed and labor was petted. Wealth was to be redistributed and the unions were to do the job. Their leaders began to talk of 30,000,000 work people in tight nation-wide organizations, standing shoulder to shoulder against capital—all for labor, right or wrong. There were golden visions of a war chest of $300,000,000 a year and dictatorial powers unlimited. In their dreams of America under a Federation oligarchy all sight was lost of the benevolent Utopianism of the New Deal. Labor's hour had been fortuitously handed to it long before it was due to strike in the ordinary course of social evolution. From

being in servile fear of the employers after years on the bread line or short hours and short pay, it suddenly became aggressive and domineering. But it did not take a revolutionary tack, it didn't turn to socialism, and it loved nothing better than to get a communist in a back alley and beat him up. It had a better and more practical formula than any of the doctrinaire Marxian stuff. Its formula was:

"Let the capitalists continue to manage economic life but make them work for us. Their job is to make money, ours to divide it up for the benefit of social progress and ourselves."

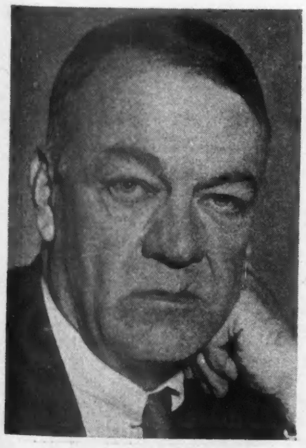
Hence the Wagner bill, which might well be entitled "An act to make the American Federation of Labor the economic master of America." No jobs for non-members, always a job for every member. No liberty of action for employers, liberty without limit for the employees. Complete reversal of the old order. With the power N R A plus the Wagner bill would give to hostile labor unions they would be the top bosses of industry—leaving only precarious ownership and the responsibility of making bricks without straw to the former bosses.

Argument for General Unionization

When a labor leader shakes off his oratorical pugnacity he can give you a strong argument for the necessity of tight and universal unionization. He accepts the premises of the late lamented technocrats, but not their conclusion that society must be managed by engineers with ergs in their heads instead of cash in their tills. The technocrats propounded the problem correctly, say the labor leaders, and gave the abstract answer when they concluded that the future will be almost workless because of power and the machine; but the realization of the answer belongs to the labor unions, whose business has ever been to get more pay for less work. Certainly, they urge, the control of labor can not be handed over to the owners of the machines which will destroy jobs faster than anything but an organization for joblessness can meet the situation.

Walter Polakov, an industrial engineer who is not too radical to be employed by the largest corporations, says that under perfect conditions, 250,000 workers could do all the manual work of the country. The hundred per cent conditions will never be attained, of course, but he says that it is conceivable that within twenty years five million men could do all the work six hours a day and five days in the week.

Here is the setting for a tragic struggle. It could be avoided in a world of men of good will and social consciousness. Possibly a socialistic state could solve it—but not Soviet Russia at present, for its problem for a long time to come will be to amass wealth rather than to divide it. It has the divisory setup but nothing to divide.



Gen. Hugh S. Johnson, Voice and Claws of the Blue Eagle

The answer of capital to labor's aspiration to boss the ever-present task of readjustment of work hours and pay to less work and more wealth tends to be that Government shall impartially run the show.

Many industrialists are now asking: If capital is to be ruled by law, why not labor, too? That seems to be a fair question. But how can you rule a nebulous thing like a labor union by law? Today it may violate the law in mass—tomorrow it is a million irresponsible units. Can you send mobs to jail? Employers, on the other hand, are substantial, concrete, anchored, responsible. They can be jailed, fined, intimidated, terrified. A law for labor and capital is apt to be a law for capital and a sop for labor.

William Green, Professional High Priest of the A. F. of L.

Actually, labor is even more opposed to regimentation than is capital. That is why American Labor is more bitterly antagonistic to Communism than capital itself. Regimented American labor would soon be striking against the regime—and that would be insurrection, a revolt against the Government. Labor rows would become civil tumults.

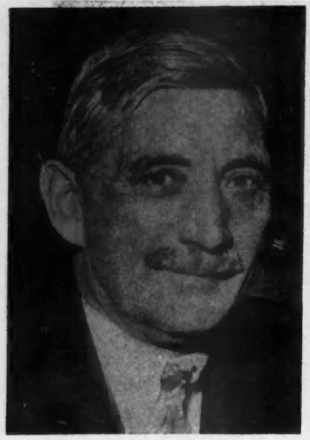
The ultimate law for the striker against Government is the law of the bayonet. What then becomes of individual liberty for anybody? The insolent striker deprives the employer of liberty, and the soldier chains the striker. The wiser labor leaders are well aware of this peril. They want control of industry but they want no control for themselves. They shudder when they recall what happened to a strike of railway men in France on the verge of the war. Briand called them to the colors as reservists; then they were ordered back to work, with hard-boiled regulars waiting in the background to punish mutiny.

The Lust of Power

Organized labor has no governing idea of a harmonious understanding between capital and labor to the common end of the betterment of industrial relations and an equitable division of the fruits of partnership. At bottom organized labor wants to dominate capital, it thinks that is its right, and that the end justifies any means. It would strike against the Government at a critical moment just as mercilessly as it threatened to strike against the automobile magnates.

Government itself could hardly be more considerate of labor than the automobile industry has been ever since its rise, and yet with cold ruthlessness labor picked this industry for a devastating strike simply because it had not been organized and because the very thought of a breakdown in this key industry at the dawn of prosperity was sufficient to blackmail—or was thought to be—all the devotees of prosperity into surrender. The leaders were indifferent to the plight of the men who had been workless for years, for Detroit climbing out of the horrors of business paralysis, bankruptcy and civic breakdown, for a whole nation teetering on the brink of revival over the chasm of relapse. Their only consideration was to manacle the industry with a close, arrogant union of their own—to have their selfish way for labor at any cost to the body politic and economic.

What the Wagner bill would do would be to turn loose on defenseless capital a solid phalanx of workers, just as cold, cruel and ruthless in their day of power as the capitalistic lords of coal, iron, steel, oil and textile were in their days of



W. S. Knudsen, Defender of the Open Shop for General Motors

tyranny. In the roundup there would be no quarter or mercy for the good industry, the fair plant, the righteous employer. Under the New Deal to meet the pressing problem of declining work and waxing product, 30,000,000 men in a colossal compact of combat would make rules that would fall harshly upon the just and the unjust alike.

The plea of labor that the measure of prosperity is the volume of wages, cannot be denied. There are only a few hundred millionaires left in America, and the quickest way for them to withdraw from the spotlight of riches would be to put all workers on a bare subsistence wage. The laborer may be the challenging cost item in production but he is the major unit in buying. Wage-production costs are a scowling ogre but still worse is no sales for the product. America is over-saved. Profits pile up savings, but wages fill the channels of spending.

So, it seems clear to the labor leaders that they can save the country by grabbing for the unions the power to squeeze profits to a thin trickle and swell wages to a wide and deep flood, at the same time keeping in mind that the golden era of wealth without work comes on apace. Obviously, they say, the short-sighted employers who distinguished themselves in the depression by cutting down the purchasing power of the country as a cure for decline of orders can not be trusted to meet a chronic tendency for production to exceed buying capacity. Nor to distribute a dwindling volume of work to an increasing number of workers. But to employers a labor-directed program of allocation of product is equivalent to turning the care of sheep over to the wolves.

And how could the Nation stand a continuous chaos of wage increase by strike bludgeon? The workers ran wild and red in Germany and Italy; until Mussolini and Hitler came in. Industrial demoralization will bring a dictator to America much faster than a brood of meditating professors. For the time being, at least, there is no labor problem to solve either in Germany or Italy. The dictators sign decrees. Neither labor nor capital wants that in America.

Can Labor and Capital Make Peace?

The ideal technique for the administration of the division of fruits of industry would be for both sides to concur in a recognition of the fact that there must be less and less work and more and more pay, and set up some machinery of continuous mediation and adjustment. That seems to presuppose supermen in temper and ethics. But in a country like America where both sides are intent upon preserving individual capitalism, something workable with imperfect men ought to be evolvable.

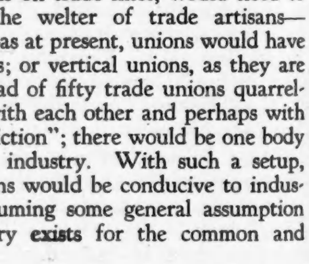
There are optimists who believe that a workable plan will be found. Arthur Curtiss James, railroad capitalist, believes that employers and employes can be got together in the railroads. He would have the two groups agree upon a sliding scale of basic wages related to the changing cost of living, supplemented with bonuses in line with corporate earnings. There would then be a common interest in holding down expenses and building up profits. Such a plan would be in the nature of self-government of industry.

After all, something like that is now growing up in the N R A scheme. President Roosevelt's decision in the threatened general strike in the automobile industry points the way. While men may not be restrained from joining unions of any sort they must also be free to choose their unions. The principle of self-government in industry is basic in N R A codes and is being extended now to include labor. While there is little doubt that national unions will in the end overshadow local or company unions that would be a beneficial outcome if, intimately represented throughout industry, they were to become familiar with the difficulties of individual industries and plants.

The New N R A Plan

Non-voting representatives of N R A now attend all meetings of Code Authorities, and some of the codes have extended similar privileges to labor. In accordance with recent "constitutional" revisions of N R A, mixed boards are being set up in all Code Authorities to deal regularly and systematically with labor problems. To know is to understand. Employers are already convinced in some industries that they have nothing to fear from their own men when they know the facts. They have less or no confidence in national unions, but once the local units of such unions are regularly taken into confidence of the management, they may be more judicial and less arrogantly partisan. General Johnson envisages a perfected N R A as something like the guilds of the Middle Ages. To fit such a scheme of industry group segregation, however, the existing type of close unions on trade lines, would need to be altered. Instead of the welter of trade artisans—plumbers, carpenters, etc.—as at present, unions would have to be industry organizations; or vertical unions, as they are coming to be called. Instead of fifty trade unions quarreling with the employer or with each other and perhaps with the A. F. of L. over "jurisdiction"; there would be one body of all the workers in each industry. With such a setup, national federation of unions would be conducive to industrial peace and justice, assuming some general assumption on both sides that industry exists for the common and general good.

N R A is getting out from under the domination of the partisans who held that labor could do no wrong; out from under this bias of its legislative birth that it was essentially a scheme to find jobs and boost wages regardless. It may turn out that the biggest thing to come out of this accident of legislation blindly seeking some cure for something or other, will be an orderly way of composing the differences between labor and capital and dividing the proceeds of industry, in place of the selfish rule of the socially irresponsible employer on the one hand, the blind tyranny and greedy graft of the stupidly hoggish union on the other hand.



Robert Wagner, Champion of Labor's Cause in the Senate

Happening in Washington

By E. K. T.

President's Emergency "Dictatorship" is passing. Smashing overriding of veto of pension and civil service pay increases marks the end of legislation by Presidential will. Organized minorities are climbing back into saddle. Congress is well pleased with its revolt—thinks it has fired a shot for parliamentary government that will be heard around the world,—but is characteristically beginning to wonder whether it picked a vote winner or not. Unorganized majorities may vote spontaneously in primary elections as well as next November.

Leadership plus compromise will mark Presidential policy from now on. There will be no more blunders of precipitate action, as in the postal aviation affair, but F. D. R. will continue to lead. He has more genuine admirers in his veto defeat than he had when he was invincible.

Radical Tide is receding. Dr. Wirt of Gary is not taken very seriously, but in the wake of his sensational charge that the Brain Trust was incubating a revolution and had got so far as the Kerensky stage of its imitation of the Russian revolution—the American Kerensky being President Roosevelt—there has come a realization of how profound has been the subterranean effect of the "Frankfurter lawyers" on legislation and administration.

Result is that the whole bunch has been spotted and catalogued. Any proposal that can be traced to any of them hereafter will be suspect.

Rex Tugwell as Lenin is the Washington choice. He's imperious and has the intellectuals' contempt of democracy as well as their naive belief that everything can be thought out, planned for, and imposed on weak and fickle men. I have no doubt Tugwell would put over a revolution if it could be done in bloodless coup d'etat style. Point about this whole revolution business is that it's going on all the time, plot or no plot, just in the course of the battle against the depression and the resultant pathetic insistence on some miracle to give us a better world.

The voluble Gary school teacher has dramatized the warning of "good gray" Mark Sullivan—journalist-historian—for these many months that emergency-born legislation is steadily remaking our whole economic-political world.

N R A is getting cautious and conservative. Before the President took his fishing vacation in Bahamas waters it was said that he would ask for extension of his licensing power under the Industrial Recovery Act, which expires June 14. He would risk another rebuff from Congress if he were to ask for it. General Johnson is for leaving Congress severely alone. Once N R A gets into a Congressional wrangle there is no telling what might happen. The act might be amended to death.

Business is torn between favor and disfavor for N R A. Majority of opinion seems to be now that while present policies tend to be decelerative of business revival, the code system must be kept. Some big industries say that the future is hopeless for them if they are to be thrown into the anti-trust law pit again. Industries which don't like code regimentation will be satisfied if the licensing power is not extended. They figure—flour for example—that they will have to be pretty bad before the President will impose a code on them.

But considering the aviation episode they are afraid he might crack down on them with the licensing power; under which he can literally put any individual concern to death.

Agricultural Adjustment Administration is going Mussolini. It can't give the farmers enough regimentation, particularly and curiously the cotton planters. When subjects clamor for tyranny they are likely to get it. Regimentation garnished with cash is velvety, but when moonshiners cry for compulsion interpretation is abashed.

Cutting down our cotton acreage is cutting down our rural employment and planting more cotton abroad. But what would you have done in Mr. Wallace's place?

Congress—individually stodgy and realistic—is becoming hesitant about the stock exchange bill and a bit dubious about the securities regulation act. If the President had left unsaid his remarks about teeth in the former I would count on some melioration of that mixture of good and bad. But like a bad boy on good behavior, Congress rank and file would like to prove how strong they are for the President when he doesn't interfere with their personal political fences.

I'm hopeful of constructive revision of the Securities Act, however. Latest indications are that it will be materially reshaped.

The Mask of rampant reform is beginning to irk some of the Democratic mossbacks. Crafty, beady-eyed, hawk-nosed, Pat Harrison, of Mississippi, for instance. Pat can see what is coming even before Senator Borah, for unlike Borah he keeps still and adjusts himself. Senator Fletcher, chairman of the hell-raising Banking and Currency Committee, is naturally about as radical as the Pope.

American Federation of Labor was stopped in its tracks by the President's adjudication of the threatened

(*Please turn to page 692*)

Employment and Wages Rise the Nation Over

In All Major Cities Production Is Expanding

Business Ready to Go But for Politics

By John D. C. Weldon

IN this article we are taking the reader on a journalistic tour into a score of important cities throughout the country to run down and check up on recent reports that economic recovery is now firmly—in fact, irresistably—under way. President Sloan of General Motors says it is. So do Mr. Taylor of United States Steel, Mr. Atterbury of the Pennsylvania Railroad and other Moguls who should know whereof they speak. Each gives much credit, however, to natural forces and looks askance at the threat of further political interference with business.

There appears to be confirmation of the rumored revival in the charts and indexes of the Federal Reserve Board and of the various other agencies dealing out the mass of statistics which tell us how much in the aggregate we are buying from department stores and chain stores, how many automobiles are being made and sold, how much steel is being produced, how much electricity is being consumed, how much coal is being mined, how many spindles are running, how much construction is under way, how much freight is being hauled and so forth.

We don't doubt these statistics—but let's get out to some of their primary sources and see just what is going on. From city to city let's ask for ourselves: How is business?

We have already done so. The answer on every side is: Things are picking up. But this, again, is generalization, as colorless as a Federal Reserve Board chart. So perhaps the thing to do is to jump around a bit and get down to cases.

Detroit

How about Detroit, for example? Some couriers have reported that the motor metropolis is reveling in a veritable boom—well, maybe not quite a boom, but decidedly better times; conditions that *seem* boom-like in comparison with the business desolation of the initial months of 1933. This improvement may or may not be checked by labor troubles. Certainly our figures, obtained from the Detroit Board of Commerce, show a remarkable comeback. Employment, thanks to the approaching spring peak of automobile production, is virtually of normal proportions. The employment index (1923-1925 = 100) as of March 15 was 101.8. A year ago it was only 33.5. Last June it was only 56.3. At the same time in 1929 it was 137.8. In no other large city has recovery in employment been so pronounced.

In Detroit the index of production of electricity for industrial uses (1923-25 = 100) is 184, as compared with 141.5 last June, 101 a year ago and 202 in 1929. Collections of outstanding accounts are running nearly double the ratio of a year ago and only moderately under the 1929 ratio. In dollar volume, retail trade in March was 35 per cent above a year ago, 3 per cent above March, 1932, and 45 per cent under March, 1929. For February the Detroit Free Press index of general business (1923-25 = 100) was 88.7, against 67.7 last June, 49.5 a year ago and 129.2 in 1929. Bank clearings are running 25 to 30 per cent above a year ago. Motor production is reported at the highest rate in four years. Building permits are double the level of a year ago. In short, Detroit is on its way, together with its neighboring industrial cities of Michigan. The next question is public demand for automobiles this spring and summer. While production will soon begin to taper off, a strong consumer demand would keep it at relatively favorable levels throughout the second quarter.

Cleveland

While we are in the Mid West, we will hop around to several other leading cities. Cleveland, like Detroit, is on the way back, though its gains are less sensational. One hundred leading and representative companies have 63,824 persons on their payrolls, against 50,938 last June, 46,000 a year ago and 82,000 in 1929. The auto parts makers, textile and clothing industries and the household appliance industries are active. Conforming to the general status of the heavy industries throughout the country, industrial equipment and construction are less favorably situated, although improved. Dollar volume of February department store sales was 36 per cent above a year before. Automobile registrations are at a rate nearly double that of a year ago. February business failures were 14, against 28 in the same month of 1933 and 61 in February, 1932. February pig iron production in the Cleveland district was 124,389 tons, against 74,000 tons a year ago. Out-bound carloadings for the same month were 18,073, against 14,745 a year previously. Bank deposits between the start of this year and March 5 gained $23,000,000 or 4 per cent.

As the capital goods industries go, so goes Pittsburgh. It sees improvement, but normality is still more than around the corner. In that district the index of general business (1923-25 = 100) had crept up to 60.8 in mid-February, against 52.4 at the start of the year, 44.5 in January, 1933, 55.6 in January, 1932, and 78.8 in January, 1931. The latest figures show industrial electric power up 25 per cent from a year ago, pig iron production up 133 per cent; steel ingot production up 52 per cent; employment up 10 per

cent; payrolls up 33 per cent; retail trade up 19 per cent in dollar volume and wholesale trade up 50 per cent; and carloadings up 34 per cent.

Chicago

In Chicago, second city of the country, employment in February was 63.2 per cent of the 1925-1927 average in manufacturing industries, against 49.7 a year previously. The gain since the start of the year is more than 4 per cent. For all cities in Illinois the index of industrial employment in February was 68.1, against 56.6 a year ago and the gain over January was 2.7 per cent. Since February the upward trend of employment and payrolls, reflecting improving business, has continued. Easter retail trade in Chicago was 50 per cent above a year ago. With the threatened automobile strike eliminated, steel operations in this district are back to approximately 50 per cent of capacity. Automotive and miscellaneous demand for Chicago steel is improving. Hardware sales at wholesale are running as high as 80 per cent above a year ago. Building permits in March, while still comparing very unfavorably with normal years, were 75 per cent above the 1933 level.

St. Louis reports that Easter retail trade was excellent and that presently there is increasing demand for higher-priced articles. Collections are better and forward buying is increasing. This city's banking situation is on the mend, due to the reorganization of several institutions and the resultant release of deposits. Railroads are reported placing enlarged orders for track material. In scores of plants wage increases are being weekly reported. Automobile sales are 25 per cent above a year ago and shoe sales 50 per cent up. Kansas City likewise reports good Easter trade, despite the tapering off of C W A payrolls. Wholesale trade is expanding. Paint is in especially good demand. In Minneapolis bad weather curtailed Easter trade, but the general level of business is reported materially above that of a year ago, much of the gain being credited to Federal emergency expenditures. In this area, business in agricultural districts is better than in urban centers, with dollar trade 25 per cent above a year ago. Flour production is up slightly. Wholesale volume in hardware, farm equipment and staple dry goods lines is up 50 per cent from a year ago.

Atlanta

Jumping to the South on our hasty tour of inspection, we find at first glance that when cotton goes in a year from around 5 cents a pound to today's price of approximately 12 cents a pound it makes a world of difference in southern business. In fact, 12-cent cotton, together with generally reduced costs of production, means that the sun is again shining over Dixie. There have been other fortuitous aids, some of them temporary. Government cotton loans and acreage-reduction payments and C W A expenditures have poured cash into the South—the most ready cash seen in several years.

In every southern city the effects are magical. That intangible thing called morale has been restored. Banks, thanks to the Government's program of banking rehabilitation and deposit guarantee, are again in a position inspiring confidence and deposits are increasing. In Atlanta, Easter trade far exceeded expectations, stores in that area reporting the heaviest volume of business since 1930, with substantial increases in employment. February wholesale trade was 65 per cent above the corresponding month of 1933. Daily average consumption of cotton was more than 9 per cent above a year ago and 2.6 per cent above January.

Richmond

In Richmond, Va., February and March retail trade was materially above the level of 1933 in dollar volume. Commercial failures in February were the lowest since 1920. Coal production was 18 per cent above a year ago. Tobacco markets handled a larger volume of tobacco at higher prices than a year ago. In Dallas, Texas, general business in recent weeks has shown slow but steady improvement, measured by every available index. Dollar volume of merchandise sales in some lines is reported as much as 75 per cent above the level of a year ago and is substantially better than the average of the last three years. Sales of clothing continue to show gains. A still more notable increase has occurred in registrations of new automobiles, proof that general purchasing power has now risen above the point of necessitous buying.

Birmingham is the Pittsburgh of the South. Higher cotton prices are a help, because the South can buy more iron, steel and coal from Birmingham. Nowhere has the percentage recovery in pig iron production been sharper. Present output around 125,000 tons per month, is more than four times the rate of a year ago. Steel, iron and coal wages are higher. So are prices. Sales of electrical supplies are running 50 per cent over a year ago.

Baltimore, home of Maryland-style fried chicken, reports industrial payrolls for February at 65.9 per cent of the 1929-1931 average, against 50.9 per cent last June, 42 per cent a year ago and 118.1 per cent in 1929. In food products employment is higher than in 1929, at 115 per cent of the 1929-1931 average, against 77.4 per cent a year ago. Employment in the chemical and allied lines is

at 101.2 per cent of the 1929-1931 average, against 62 per cent a year ago, and is approximately at the 1929 level. On the same statistical basis, the textile index shows a decline to 58.7, against 69.1 a year ago, while Baltimore's iron and steel employment index is at 79.7, against 55.4 a year ago and 60.6 last June. At 49.4, boots and shoes are slightly lower than a year ago. Stone, clay and glass are at 68.1, against 64.8 a year ago. Industrial electric consumption is some 19 per cent above a year ago. Automobile sales are more than 20 per cent above a year ago. Bank clearings are 13 per cent higher, freight car loadings 20 per cent higher, while retail sales are 52.50 per cent of the 1923-25 average, against 44.43 per cent a year ago. In June this index was 69.66, however, or above the February, 1929, figure of 68.50. Collections are much improved.

At this season it would be a shame to pass up Florida, as long as we are touring the South. Nowhere are the economic skies so incomparably brighter than they were a year ago. Figures would add little to the picture. Suffice it to say that Florida winter resort cities have had the best season since 1929. Florida knows, without resort to charts or index numbers, that when visitors come trooping down from the North, business must be better.

Los Angeles

Next, from one pleasant climate to another, let us jump the continent to California. We enter the metropolis of Los Angeles. Business is improving, but people say it could be much better. The employment index (1926 = 100) is today 67, against 60 last June, 56 a year ago and 109 in 1929. Motion picture production, the Hollywood specialty, is 25 per cent above a year ago, furniture production 10 per cent higher, clothing production 5 per cent higher, machinery production 30 per cent higher. Collection ratios are about 8 per cent better. Retail trade, in percentage of 1923-25 is 69, against 78 last June and 58 a year ago. In San Francisco, employment is 71 per cent of the 1926 average, against 76 last June and 63 a year ago. Production, on the same index, is 58, against the same level last June and 48 a year ago. Retail trade, in terms of the average of 1923-25, is 63, against 61 last June and 57 a year ago. Up at Seattle, in the far Northwest, fifty representative manufacturing concerns state that their employees number 25 per cent more than a year ago, on the average. Lumber is all-important to Seattle. Orders are 35 per cent better than a year ago, but under the level of last June. Retail trade in dollar volume is estimated to be 35 per cent under normal, as compared with 60 per cent under normal a year ago. Collections are better. In general, depression and recovery tend to lag on the Pacific Coast, relative to the trend in the East.

So we now will journey back home and have a bird's-eye view at the key cities of the East. Boston is the home of New England culture, cod fish and baked beans—but the textile industry is decidedly more important to it. Woolen manufacturers are fairly active, especially in lower-priced goods. Cotton textiles, having had almost a normal year in 1933, are only moderately active now but have substantial backlogs of accumulated orders on which we work. Both cotton and woolen textile concerns report increasing consumer resistance to the higher-priced goods. The shoes manufacturing situation has been improved by settlement of recent strikes and operations are steady at a satisfactory level. Construction has gained a trifle, but remains far down in the sub-normal zone. Collections are better. Employment has risen gradually but steadily since the start of 1934, and total wages paid have increased somewhat more rapidly than has the total number of persons employed. Both employment and wages are continuing the upward trend. On the whole, the changes in New England are less spectacular than in various other areas, but so they were also on the downslide. New England banks are in a strong position today. The great majority always were.

Philadelphia

Philadelphia presents the usual contrast between satisfactory activity in consumption goods and continuing depression in the heavy industries. Thus textile concerns are at 80 per cent of the 1923-25 level, against 73.7 a year ago; while chemicals stand at 100, leather and shoes at 125, tobacco at 88 and food products at 67. But the index of metal products is only 48 per cent of 1923-25, that of transportation equipment 42, and building materials 24, or less than 25 per cent of normal. Putting these all together, factory employment is 76.1, against 64.1 last June and 58.9 a year ago. Factory payrolls are 58.7, against 45.3 last June and 40.1 a year ago. Collections are better. Retail trade is 54 per cent of 1923-25, against 60.3 last June and 48.8 a year ago. The number of unemployed has declined 18 per cent in a year.

Finally, New York City, where some 8,000,000 persons live and work while the visitors play and go to the theater and the opera. General conditions are much improved and, relative to normal, appear somewhat better than for the country as a whole. Employment (1925-1927 = 100) is approximately 71.4 and is in a rising trend. This compares with 59.1 last June, 58 in (*Please turn to page 692*)

Wide World Photo

View of Production Line in Motor Factory.

Pros and Cons of Congressional Investigations

What We Have to Show for An Expenditure of a Quarter to a Half a Million Dollars Annually

By C. M. McCord

BEFORE the World War, Congressional investigations cost about $25,000 a year; since then they have run from $250,000 to $400,000 a year. For the current fiscal year they will be about $445,000. These sums do not include, however, the costs of the ordinary inquiries which practically every committee of both houses of Congress carries on in the ordinary course of its business. They will run about $50,000 a year.

The most expensive investigation ever made by Congress was the House investigation into the expenditures of the War Department in conducting the World War. The net result was to prove that our greatest war was conducted with a record minimum of graft. But while it was going on it blackened a lot of reputations most unjustly.

The most famous investigation of recent times was the Senate investigation of the navy oil land scandal. It cost only $34,000, but is said to have saved the Government a billion dollars.

The outstanding Congressional investigation at present is the probe of the Senate Banking and Currency Committee into security dealings, stock exchanges, banking practices, etc. This investigation will finally cost about $270,000. Opinions as to its value will vary greatly. Two results have certainly caused a great deal of perturbation. The securities regulation act is held by hostile critics to have delayed recovery and prolonged unemployment of millions by terrifying capital, banks, investment bankers and investors. The stock exchange regulation bill has potentialities of inflicting serious damage on the security markets and the valuations of securities; may possibly be loaded with the makings of a general setback in recovery. On the other hand an enormous amount of iniquity has met pitiless publicity if not formal punishment.

> ### A Sample Investigation
>
> **Senate Committee on Banking and Currency Investigation of Securities, Stock Exchanges, Banks, etc.**
>
> **COST—$270,000.**
>
> **RESULTS—9,754 pages (7,000,000 words) of testimony to date printed in 44,000 volumes—Sensational revelations resulting in popular indignation, savage repression of financing of capital goods industries, retardation of recovery, persistance of unemployment, threat of virtual paralysis of security exchanges, general lowering of security prices and perhaps another epidemic of deflation. But also a general cleansing of banking, stock exchange, and investment banking practices, ousting and conviction of corrupt officials and promotion of investors' interests, corporate reorganizations, etc.**

The Special Senate Committee investigating the Postoffice air and mail subsidies has been the other salient sensational inquiry of the present Congress. Its appropriation is $50,000. Outside of the henchmen of the Administration, who must necessarily stand by it in good and evil repute, the work of this committee is generally considered destructive. Directly and indirectly, it has resulted in the loss of twelve army flyers' lives, has revealed practically nothing that was not known and approved, and has done great injury to the objectives achieved by the aircraft subsidies. It is too early to appraise its eventual results, but the governmental policies which it has established may set back aviation in America for many years—after the policies under investigation gave us the best civil air service in the world. Not the least damage it has wrought has been the impairment of the public confidence in the President and the dimming of his popularity.

The other important investigations conducted by the Senate in the present Congress are the investigations into receiverships and bankruptcies and the Copeland racketeering probe. The results of both will be adjudged constructive.

A standing joint committee of the House and Senate is spending about $50,000 a year investigating the subject of internal revenue taxation. The House has some twelve other investigations under way on its own account. The most expensive of them is the investigation by the Committee on Interstate and Foreign Commerce of holding companies. It has had $100,000 for this purpose, and has been at work since January, 1932. It has amassed an immense amount of information about the ramifications of corporate ownership and will be blessed by economic historians if not by investors in such companies. Third, in point of expenditure, on the House side is the $14,000 investigation of government intrusion into private business. This has been highly popular with rugged individualists and all opponents of government in business.

The only venture a House committee has had into the sensational spotlight at this session is the fiasco of the Military Affairs sub-committee which set out to investigate alleged frauds in the War Department's purchase

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Now Come Federal Capital Loans

Needy Business, Unsuited to Commercial Banks, Can Look to Uncle Sam for Long-Term Credit to Finance Production and Re-employment

By John C. Cresswill

THE banks are full of money. Excess reserves of member banks of the Federal Reserve System exceed 1,400 million dollars. In five recent weeks these banks lent Uncle Sam a thousand millions, lent the public less than ever, although said public pours a flood of cash into their vaults. Reserve Bank rediscounts are less than a hundred million. The public, too, buys government bonds prodigally but has not a cent for capital investment. Nobody trusts anybody but the Government, the Government trusts everybody. Result, thousands of millions already lent by the Government — which gets its money from the public—and two new departures on the way for Uncle Sam to borrow thousands of millions more and lend still more.

Before we examine Uncle Sam's proposed new ventures into further banking operations it is worth while to take a quick glance at what he is now doing in his capacity as the champion "money changer."

1. *The Reconstruction Finance Corporation* has a lending capacity of 5,500 million dollars. Excluding advances to government agencies and for relief of destitution it has authorized advances of 4,900 thousands; repayments amount to 1,200 thousands, and about 400 millions were cancelled or withdrawn.

So it has slathers of cash for more loans; and, unlike other bankers, Chairman Jones is always searching for lending opportunities. His greatest grief of office is failure to make some lending device work. While the citizen with cash and the bank with or without cash have tightened their purse strings to the snapping point the liberal Mr. Jones has poured about 1,250 million dollars into business channels, outside of the 1,500 millions he has lent banks and trust companies and the like and the quarter of a billion he has put into preferred stock, capital notes and debentures of those institutions.

2. *The Agricultural Adjustment Administration* has financed the farming business to the extent of approximately a billion dollars and hopefully expects to reimburse itself from the consumer.

3. *The Farm Credit Administration* is good for about 4 billion dollars of loans if borrowers can be found.

4. In a sense all of the *Public Works Administration's* 3,300 million dollars is government financing, but 750 millions will be regular loans.

5. *The Home Loan Bank* tapped the Government for only 125 million dollars capital, but it has already lent 100 millions although it is just getting up speed; and its allied Home Owners Loan Corporation has a capital of 200 millions, a bond issuing authority of $2,000,000,000 and loans of 400 millions.

6. *The Federal Deposit Insurance Corporation* was primed with 150 million dollars of treasury cash, and may raise 1,500 million by bonds, guaranteed of course by the Government.

7. *The Tennessee Valley Authority* is a big government project, started with a wad of national (P W A) cash and empowered to borrow and lend, and it is in business up to the hilt.

8. *The Commodity Credit Corporation* will speculate or lend to the extent of 400 million dollars in the farmer's interest over and above what the F C A's land banks, intermediate credit banks, production and co-operative financing units may do—and it's a lot—about two billions.

9. And while we are about it we might as well lump in the thousand millions ($400,000,000 from P W A) the *Civil Works Administration* has spent, the 500 million dollars poured out by the *Emergency Relief Administration*, and the millions and millions more to pass through the latter's hands.

In a sense, it all goes to keep business going. You might say that if the commercial banks, investors and investment bankers were functioning the Government wouldn't be spending a cent for loans or subsidies of whatever sort or name of an emergency nature.

Now, the Government has come to the conclusion that the

depression has left an enormous number of business concerns in a wretched twilight zone, dead on their feet. Confessedly, they are not good banking risks, and anyway, commercial banks are not supposed to supply capital, though they once did at a great rate. These concerns are supposed to need capital sums for five years. If they could function properly they would give employment directly and indirectly, so the theory runs, to about 800,000 persons. So the President was won to the idea that the Federal Reserve System be instructed to create an intermediate credit bank in each of its twelve districts. A bill was drawn for that purpose for Senator Fletcher, and it seemed to be going strong in high gear through Congress until Senator Glass proposed a bill to authorize the Federal Reserve to do the intermediate lending job directly.

Cash Piles Up—Loans Fall Off

(Federal Reserve Member Bank Data from 91 Cities—000's Omitted)

	March 21, 1934	Compared with a Year Ago	
Total Investments	9,323	Plus	1,162
Government Securities	6,265	Plus	1,687
Loans	8,196	Minus	194
Reserves with Federal Reserve Banks	2,576	Plus	1,245
Non-Government Deposits	16,143	Plus	2,219
Borrowing from Federal Reserve	9	Minus	370
Due to Banks	3,491	Plus	1,386

Under the first named bill the Intermediate Credit Banks would derive their capital from sale to the Treasury by the Federal Reserve Banks of their stock in the Federal Deposit Insurance Corporation. Furthermore the Credit banks could issue preferred stocks and debentures and bonds, the aggregate amounts of these obligations not to exceed five times the combined capital and surplus of the banks; the capital would amount to about 140 million dollars. These banks would have the right to discount and purchase from financing institutions of various sorts, including banks, obligations of concerns needing capital running for periods not exceeding five years. The institution making the original loan would have to stand only 20 per cent of the loss resulting from bad loans. In exceptional circumstances the Credit banks could deal directly with the needy concerns.

The Glass Substitute

Senator Glass's scheme was referred to a sub-committee of the Senate Finance Committee, which promptly reported it back as a substitute for the Fletcher plan. As this is written it seems to have the right of way. Its purposes are about the same as those of the Fletcher bill, and its methods likewise. The difference is chiefly that the lending is to be done by the Federal Reserve Banks out of their surplus funds, plus the proceeds from the sale of bank notes, bonds or debentures. The aggregate amount of such issues may not exceed five times the surplus of the Federal Reserve Bank, and the total amount lent by each bank may not exceed six times the surplus, after deducting its subscription to the Federal Deposit Insurance Corporation. As with the proposed Credit Banks, the Government assumes no responsibility for the obligations of the Reserve banks issued in this connection, but the obligations are to be exempt from taxation except surtax, estate, inheritance and gift, and shall not be subject to the Securities Act of 1933. Each Reserve Bank is to be equipped with a committee of men actively engaged in industry which shall pass on all loan applications.

Wide World Photos

(Left to right) Senator Carter Glass, Eugene Black, Governor of Federal Reserve, and Jesse Jones, R F C head

Apparently without the aid or consent of the President or anybody else, Jesse Jones bobbed up one day with a suggestion, neatly typed, that the R F C be authorized to make capital loans directly to poor but honest and aspiring firms having much experience and little cash. The liberal Jones would make the time limit of such loans as much as ten years. If banks wanted the business he would participate with them to the extent of 80 per cent on a five-year loan. But nobody could get a cent unless he were an N R A subject. Of course, the Glass bill avoids mention of N R A, but so also does the Fletcher bill. Jones is evidently in cahoots with General Johnson: No code, no loan.

The Jones Plan

But Jones is disposed to be fair and modest. He is represented as saying that his idea is not in conflict with either the Fletcher or the Glass plan. He is perfectly willing to take the crumbs that might fall from the other's table. When there is plenty of need for loans and none offered, Jones thinks abundant government lending is highly desirable. Now and then there might be a deserving borrower who couldn't get by with the Federal Reserve or an Intermediate Credit Bank; Jones and the R F C would be there.

These five-year loans are designed to help mostly small manufacturers who once were carried along by the banks on a tenuous line of credit, but now have no credit, can't get capital and are dying the death industrial. A majority of them are supposed to be in the durable and capital goods lines, although there is nothing in any of the three five-year plans that excludes either manufacturers of consumers' goods or merchants.

Mr. Roosevelt is losing no sleep over the worries of the large producers of capital goods. He considers that they can take care of themselves, and that a bit of fatty surplus reduction will do them no harm. Some of the fat, he surmises is too near the heart of the mammoths, making them short of breath as well as temper. All the dinosaurs of industry need is orders. Some of the five-year financing will run into orders for them—but the heavy industries—iron, steel, lumber, cement, brick, machinery, railway equipment, etc.—and their multitudinous brood of children—nothing will energize them except expansion of construction. In a long time they

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Sixty Million Customers Weekly

Story of the Motion Picture Industry May Yet Have a Happy Ending

By C. F. Morgan

Highlights in the Motion Picture Industry

1. ***Extravagance has been supplanted by more reasonable economy.***
2. ***Better pictures are being produced.***
3. ***Theater attendance has increased 50%.***
4. ***Foreign sales are more profitable.***

WISE old Sir Francis Bacon must surely have had the picture business prophetically in his mind when he observed—paraphrasodically—that there are two ways of gaining information; one is by a process of intelligent observation and the other by having it drilled in very painfully through the epidermis. Being what they are, the movie makers instinctively chose the latter method. Now, at the end of a three-year hike down the world's wreck-strewn financial highway, they have realized what lesser folk wasted hours in telling them and have set one floor of their house in order.

A year or so ago this writer expressed grave doubt that the investing public would ever be coaxed back into buying film securities; now, because we're congenitally a nation of rainbow chasers, he isn't so sure. Because that lower floor of the movie mansion begins to show some rather attractive possibilities since some of the costly and criminally useless litter has been moved out.

Two Factors in Larger Profits

Two things, quite remarkable, have happened: wild and willful waste has been rather drastically curtailed and necessity has compelled the production of some actual pictures which the public is willing to expend two thin dimes to witness. To this add the inflationary experiments with our currency, and vision the investing public chinking some spare cash in its hand and viewing the growing strength of the picture stocks with more than a little interest.

Call it luck or what you will, but face the incredible fact that the movie business is far, far better off in this fourth month of 1934 than even the most confirmed and incurable optimist could have imagined a year ago. Volume of attendance at the picture theaters has increased by 50 per cent and 1,000 theaters lately festooned in cobwebs and darkness have reopened! An even more amazing situation is that studio production costs have been reduced to a point which causes acute twinges of agony to the dyed-in-the-wool spendthrifts. It would be too much to say that they have been halved, but assuredly 40 per cent has come off the budget figures within two years. Where the average feature picture cost was $225,000 two or three years ago, today $135,000 will cover it. Undoubtedly part of that reduction is due to falling commodity prices, but a tremendous proportion of it is due to sheer necessity. There was the famed story of the bear-pursued dog who climbed a tree, this extraordinary feat being explained by the fact that the frantic animal *had* to.

Once skeptical investment and ordinary bankers could be lured out to Hollywood, tossed into the whirling vortex of a few studio parties, and convinced that the lunatic asylum maintained in the guise of motion picture lots were commendable and even conservative money mills with most attractive features! But that day went with other glamorous companions to the vast encampment of the past. Lately a movie maker couldn't pry a nickel out of a banker and he couldn't borrow a dime from a capitalist so he *had* to climb the tree of economy—impossible as such a feat seemed.

Rapid Recovery

Today the business is unquestionably on its way upward. It is recovering faster than almost any commercial enterprise. This is no place to go into an extended explanation that in times of stress people want amusement and forgetfulness. How otherwise explain the annual expenditure of three-quarters of a billion for flickers, and the frantic repeal of the Eighteenth Amendment! Here's what has happened in the movies within the year—almost within six months:

Today sixty million people each week are attending the picture theaters of the United States, this producing a gross annual revenue of about $624,000,000. To this add $50,000,000 of revenue from foreign sales—principally in English-speaking countries. And this latter source has grown lustily since September, last, with the mounting disparity between the pound and the dollar. Go back to the days when sterling exchange stood at $3.60 or thereabouts. In England a fair average feature picture rental is £10 per night. In our currency that was $36. And all our pictures were not, colloquially speaking, so hot. Foreign folk did not care about expending their sixpences and their shillings and their half crowns for a net "tuppenceworth" of drool and drivel with ethically irrelevant trimmings, so attendance and the gross sales revenue for American films fell off. If the entire foreign market grossed $20,000,000 a year it is a trifle more than most observers think it did. But mark the change!

As a result of the trial and error method of recovery the dollar began its career of devaluation. The English film rental remained £10 per night, but in dollar value this at current exchange late in March means about $52, instead of $36. And the gross sales volume abroad has stepped up handsomely as the result of a production program that included some topnotch entertainment features. You'd

be surprised to know what "Cavalcade," "42nd Street," "Lady for a Day" and "State Fair" grossed abroad, all of which has moved the foreign revenue up to that $50,000,000 figure.

Now what becomes of the three-quarters of a billion the movies are reaping? Exhibition—the theaters themselves, of which there are more than 13,000 open—takes $464,000,000. Film rentals run to $156,000,000. Of the latter figure, distribution absorbs $46,800,000 and the remainder, $109,000,000 plus perhaps $40,000,000 net of foreign rentals, is available for production—all kinds—features, shorts, newsreels, and cartoons.

Inflation

Let us examine this inflation business a little more. Assuming that still further in—or rather re-flation as Prof. Irving Fisher demands we call it—occurs, we have a situation where motion pictures produced with devalued dollars which are generally fixed by contract as to their number, give us a product that can be sold abroad for a foreign currency that is maintained at a parity considerably above our own. And in addition to lower production costs of today, tomorrow's production costs will be still lower. About the middle of March the big studios in Hollywood signed a new wage scale with the labor unions. The weekly stipends provided therein are considerably lower than they were a year ago. An example, sound men—mixers—who received up to $135 a week now get $72 and it is well to remember that labor represents a fairly big slice of movie cost. And that contracted wage dollar doesn't change as—and if—devaluation proceeds. If it should buy less meat, potatoes and groceries, it will be just too bad, but its number will not increase in the pay envelope, while the foreign film rental pound will buy more American dollars as the deflation process continues, which the producer gets. And that foreign sales income is pretty much sheer velvet, most useful in backing up dividend checks. Today all labor runs less and even the "talent" is somewhat short of the former wild money era, while the things that have happened in the "front offices" are often regarded as scandalous. There was the chief of a certain big studio who took down $8,000 per week without a qualm. His successor gets $2,500. A trio of producers who never stinted themselves in salary—they are accused of taking $6,000 a week each — have cut their stipends to $1,500 a week each, while new star contract figures have shrunk emphatically.

There was a time when the word "quickie" was breathed with contempt. It connoted a cheap, unimportant, alleged picture made under poverty-stricken conditions. But the quickies have proved a valuable school in the emergency. The picture that used to loll through twenty-eight days now skips blithely to its finish in from fourteen to twenty days, and, cruelly as it hurts the director who guided it to admit, is generally a better picture.

Casts are "shorter," too. Fewer people are used and this applies even to the extra players. A couple of years ago the studios gave employment to 860 extras a day; today the number runs just over 600. The actor who once took anything from $50 a day up now is tickled pink with $25 a day for half the number of days.

And it is simply astonishing how capitalization has shrunk after some of the water was squeezed out of it. Not less than $400,000,000 represents the reduction figure—which, of course, is not all for the producing companies, but includes the industry as a whole—the theaters and what not.

The result of these economic changes has shown itself very vividly in the exchanges, for picture securities—they are beginning to be known thus again—have exhibited a most unlooked for strength. Not that the prices are ranging much higher than they did last September, but rather that they have maintained and even exceeded the values quoted then, while the volume of trading indicates the public interest. Late in March while nearly all other stocks were sagging and betraying a symptomatic weakness, the movie offerings stood manfully up under the depressing influence and even improved slightly in individual cases.

Less Debt—More Credit

The funded and unfunded debt condition of the pictures has improved a little too. A substantial part of the short term bank loans made to Fox Film were written off recently; and there has been reduction in other companies within recent months. To which must be added a factor that is found in very few other major industries; the essentially cash basis on which the business rests. Probably chain stores alone reach anything like the cash sales volume that the movie theaters turn in. The movies sell for cash and buy on credit and very, very seldom discount their bills.

There was a time, a few months ago, when needed production cash was hard to come by, so the motion picture studios reversed the Ford plan of a decade ago and instead of cutting down inventory, crowding excess cars on the dealers and curtailing purchases "improved their cash position" by taking in the cash and stretching credit to the limit, taking six to eight months on ninety-day billing and the like. So prevalent had the custom become that in Hollywood the credit association formed of the group of suppliers to the studios were in two minds whether or no to shut down on the producers altogether. As they had almost no other customers buying like volume they hesitated long, and meantime the miracle came to pass and the movies were saved again.

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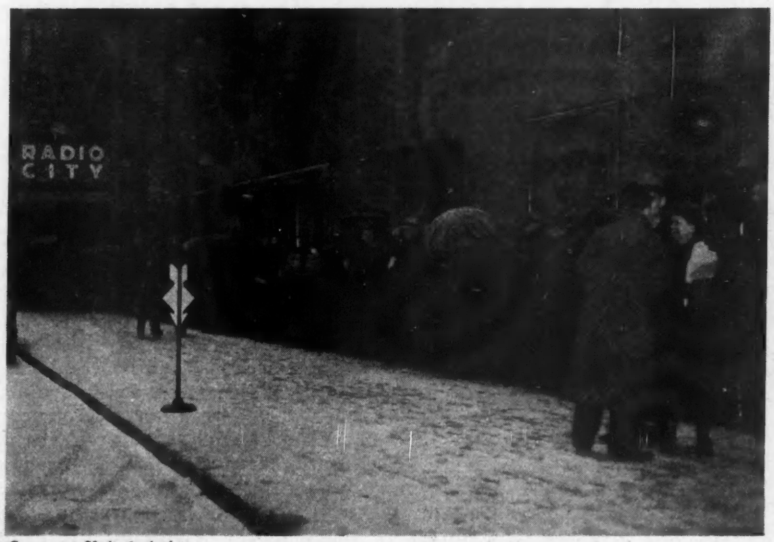

Courtesy, United Artists

They Line Up at the Box Office

Curtis Photo from Nesmith

Hydraulic Mining of Gold.

Things to Think About

Gold in Them Thar Waves!

Throughout the world the gold standard, if not dead, is sadly crippled—but mankind's search for gold, most coveted possession, goes ceaselessly on. The high price of gold in terms of commodities was blamed by some for the depression. Now gold is losing value in terms of commodities but gaining value in terms of depreciating paper currencies. Both because it is the sole complete protection against currency depreciation and because its enhanced price in paper money affords an increased profit to those who mine it, it is in greater demand today than ever before. Established mines are busy. Formerly unprofitable mines are being combed over. On thousands of streams throughout the world placer miners are hopefully panning. On the exchanges in London, Montreal and Toronto gold stocks have come into boom popularity. In recent weeks they have been the strongest group on the New York Stock Exchange. In the wilds of the Philippine Islands a gold rush is on and in Manila all varieties of gold stocks are being hawked. There is still more gold in the earth than has ever been removed, but the amount in the sea is incalculably larger. Perhaps chemists will some day tap this hitherto untouched supply. The possibility is today being seriously studied. Considerable amounts of gold per cubic feet of sea water are to be found in San Francisco Bay and the fjords of Norway, probably washed down from the hills in past ages. In ionized form, innumerable other metals also are afloat in the oceans. Bromine, used in ethyl gasoline, is being profitably extracted from sea water. Maybe gold from sea water will be next, but we hope not. Gold is precious because it is scarce. If the chemists should extract all that the oceans hold, it would be worth less than iron, for there would be too much. Then what would we use for money?

* * *

Germany Draws a Deuce

In the poker game of world economic recovery Germany seems to have drawn a deuce. She is demanding a further reduction in interest payments on the debts she owes abroad, while at the same time she is greatly increasing her expenditures for armaments. This is not a paradox. Armaments are paid for in Germany in marks. Foreign obligations can be met only in foreign currencies and foreign currencies can only be had out of a surplus of German exports over imports. There is the rub. In the past two months Germany's excess of merchandise exports over imports has been wiped out. There are various reasons, but probably the most important is the fact that Germany is a large importer of raw materials and an exporter of finished products. Since raw materials declined further in price during the depression than did the prices of finished manufactures, Germany for a time had an advantage. In recovery this has been reversed, for raw materials have advanced much faster than finished manufactures. Relative to the things Germany has for sale, the things she has to buy have become dear. That is not a comfortable position for a business man or a nation.

* * *

Trucks Versus Railroads

During the first eleven weeks of 1934 less-than-carload merchandise accounted for 27.45 per cent of the country's total car loadings, as compared with 32.29 per cent during the corresponding period of 1933. Other major freight classifications either held their ratios or increased them. The answer is that the volume of freight handled by motor trucks has greatly increased and is still increasing. In 1932 "L. C. L." freight accounted for 2.4 per cent of railway tonnage, but for some 10 per cent of freight revenues. In that year the rails hauled only 37 per cent of the "L. C. L." tonnage of the three-year average of 1923-1925. The decline was more than can be accounted for by the depression. An excellent study of this problem has been made by J. R. Turney, Director of Transportation Service under Railroad Co-ordinator Eastman. This report recommends a complete reorganization of present methods, holding that "L. C. L." freight should be handled like express. Two competing

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Low Interest Rates Bolster Bonds

Renewal of Monetary Uncertainty Not Yet Effective in Undermining Prices

By J. S. Williams

WHILE the bond market has lost some of the fire that it possessed a few weeks ago, it is still at a high level and shows little disposition for serious decline. At the moment the predominant constructive influence is cheap money. There is a perfect glut of it, especially that seeking short-term investment. Excess reserves of Federal Reserve member banks are in the neighborhood of $1,500,000,000. Treasury Notes and Bills with maturities of nine months or less yield nothing at all, or even less than this. Five to six month time loans can be obtained at less than 1%. The best commercial paper with three or four months to run is at 1%. Bankers' acceptances, five to six months, are quoted ¾% to ⅝%, but there has been such a demand for this paper that it is difficult to obtain.

Not unnaturally these conditions are being reflected in the long-term market. The Government is proposing to convert something over a $1,000,000,000 of the Fourth Liberty 4¼s into twelve-year 3¼s and there is not a chance in the world of the offer being anything but successful. What else are the holders of Fourth Liberties to do with their money? Any obstinate minority will be paid off in cash, of which the Treasury has plenty on hand. Also significant of the growing ease of long-term money was the recent sale of New York State bonds on a basis well below 3%. It might be noted as a curiosity that the State borrowed at a more advantageous rate than the Federal Government.

When one considers the all-pervading cheapness of money, the present bond market seems less high, at least relatively. The best long-term corporate bonds return just better than 4%, while medium grades yield in the neighborhood of 5½%. This is not too little on the face of it, although it may appear so to those making comparisons with a year ago.

The end of the period of easy money is not yet in sight. Lack of new financing, in large measure perhaps caused by the Security Act, leaves only existing securities as a place where accumulated funds are able to obtain a return Under such conditions, it is no wonder that bonds are forced up or that, under normally unfavorable news, they resist decline.

If inflationary tendencies increase, however, there must of course come an end to cheap money, although when it will be depends on Washington. Ever since we abandoned the gold standard inflation has been the ghost haunting the bond market. Recently the ghost has had more of a material aspect as recent events in Washington make the balancing of the Federal budget even more remote than they were. Although the passing of the Veteran's benefit measure over the veto of the President was not a great thing in itself, it did raise the question of whether anyone can keep Congress under control in its spending of the taxpayers' money. What is to happen when the official program of emergency spending comes to an end? There must be at least some deflation. Will Congress permit it to occur, or will it start the whole program of "non-recurring" expenditures and currency depreciation all over again?

Although no one can give the answers to these questions at the moment, the bond investor must at least remember that they have valid existence. For the time being, cheap money is the principal factor, but any further inflationary gestures of the Government might well cause a hardening in money as the country feared to make future contracts for the receipt of dollars. Incidentally, it might be noted that it is only through the hardening of money that inflation has any direct effect upon the price of bonds; the currency's loss of purchasing power in itself has no effect upon price, except only in so far as individuals speculate by selling in anticipation of a further decline in purchasing power.

A year ago the individual could take out a reasonable degree of insurance against the dollar's loss of purchasing power by confining his attention to second-grade issues. This, of course, is still true to some extent. The spread, however, between second-grades and the best bonds has narrowed very markedly. The former a year ago could be bought to yield about 9% and the latter about 4.7%. Today, the same second-grades return approximately

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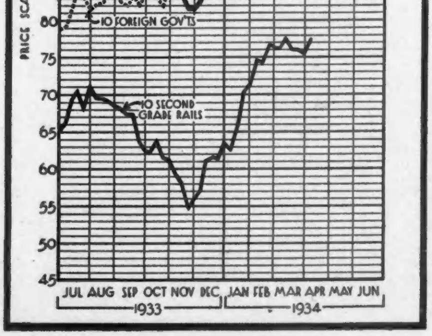
THE MAGAZINE OF WALL STREET'S BOND PRICE AVERAGES



The Magazine of Wall

THE MAGAZINE OF WALL STREET's Bond Appraisals of active and important bonds is presented in two parts. The sections alternate with appropriate alterations and additions, so that holders and prospective buyers of bonds may be constantly informed as to the effect of developments in the largest number of issues.

Naturally, it is understood that all the issues mentioned do not constitute recommendations, although the relative merit of each is clearly indicated either by the tabular matter or by the comment. For those who desire to employ their funds in fixed income-bearing securities we have "double starred" the issues which appear to us most desirable, safety of principal being the predominant consideration; while a single star designates those which, while somewhat lower in quality, nevertheless provide an attractive income, or offer possibilities of price enhancement.

Inquiries concerning bonds should be directed to our Personal Service Department.

Railroads

Company	Total funded debt (mil'ns)	Amount of this issue (mil'ns)	Fixed Charges times earned† 1932	Fixed Charges times earned† 1933	Price Call‡	Price Recent	Yield to Maturity	COMMENT
Chicago, Burlington & Quincy R. R.								
Gen. 4s, 1958	220	84	1.2	1.6	N C	101	3.9	High grade investment bond.
1st & Ref. "A" 5s, 1971	220	70	1.2	1.6	107½ '42*	106	4.7	Prior liens total some $160,000,000, but still strong.
★★Illinois Division 3½s, 1949	220	84	1.2	1.6	105	98	3.7	High grade.
Colorado & Southern Ry.								
Ref. & Ext. (now 1st) 4½s, 5.1.35	58	36	.8	.9	101	97	7.5	Reasonably strong, tho refunding may prove problem.
Gen. "A" 4½s, 1980	58	20	.8	.9	110*	80	5.7	Junior to issue above.
Fort Worth & Denver City 1st 5½s, 1961	58	8	1.6	..	105 '35*	104	5.2	Good grade bond.
Erie R. R.								
Cons. Prior Lien 4s, 1996	271	35	.8	1.1	N C	89	4.5	Road does better. Good grade.
★Cons. Gen. 4s, 1996	271	88	.8	1.1	N C	76	5.3	Junior to issue above.
50-yr. Conv. 4s, 1953	271	30	.8	1.1	N C	73	6.4	Junior to two issues above and prior liens thereto.
Ref. & Imp. 5s, 1975	271	124	.8	1.1	105*	73	7.0	Junior to three issues above.
Chicago & Erie 1st 5s, 1982	271	12	.8	1.1	N C	106	4.7	Better grade bond.
Louisville & Nashville R. R.								
Unified 4s, 1940	237	70	.8	1.2	N C	101	3.8	Standing improved by increase in earnings. Almost high grade.
1st & Ref. "C" 4½s, 2003	237	58	.8	1.2	105 '39	96	4.7	Junior to issue above.
10-Yr. Sec. 5s, 1941	237	10	.8	1.2	103 '36*	104	4.3	Collateral is valuable. Better grade.
L. & N. Atlanta, K. & C. Div. 4s, 1955	237	25	.8	1.2	N C	99	4.1	Better grade.
New York Central R. R. Co.								
Consolidation 4s, 1998	670	68	.7	.9	N C	88	4.6	A better grade investment
Ref. & Imp. "A" 4½s, 2013	670	255	.7	.9	110	73	6.2	Junior to issue above. Reasonably good security.
Conv. deb. 6s, 5.1.35	670	12	.7	.9	110	99	7.0	Junior to two issues above. Strengthened by better traffic.
N. Y. C. & H. R. Mtge. 3½s, 1997	670	94	.7	.9	N C	88	4.0	High grade underlying bond.
N. Y. C. & H. R. 30-yr. 4s, 5.1.34	670	48	.7	.9	N C	100	4.0	Rank with the consolidation 4s, 1998. Plans
N. Y. C. & H. R. 30-yr. 4s, 1942	670	9	.7	.9	N C	98	4.3	laid for maturity.
N. Y. C. & H. R. Lake Shore Coll. 3½s, 1998	670	23	.7	.9	N C	82	4.3	Prior in lien to cons. 4s, 1998.
N. Y. C. & H. R. Mich. Cent. Coll. 3½s, 1998	670	19	.7	.9	N C	82	4.3	Strong bonds.
★★Lake Shore & M. S. 1st 3½s, 1997	670	50	.7	.9	N C	90	3.9	High grade investment.
Chic., Ind. & Sou. Mtge. 4s, 1956	670	15	.7	.9	N C	..	..	Reasonably good bond.
Cleveland Short Line 1st 4½s, 1961	670	12	.7	.9	N C	98	4.6	Good caliber.
Jamestown, Frank. & Clear. 1st 4s, '59	670	11	.7	.9	N C	85	5.1	Good grade bond.
C., C., C. & St. Louis Ry.								
Gen. 4s, 1993	150	33	.7	.9	N C	95	4.2	Better grade holding.
Ref. & Imp. "E" 4½s, 1977	150	65	.7	.9	105 '47*	79	5.8	Junior to issue above.
Michigan Central								
1st 3½s, 1952	61	18	.7	.9	N C	93	4.0	High grade.
Ref. & Imp. "C" 4½s, 1979	61	18	.7	.9	105*	..	..	Junior to issue above.
★Canada Southern Cons. "A" 5s, 1962	..	29	.7	.9	N C	104	4.7	Good sound bond.
Detroit R. T. (D. T. & T.) 1st 4½s, '61	..	18	.7	.9	N C	100	4.5	Better grade.
N. Y. & Harlem Ref. (now 1st) 3½s, 2000	..	12	.7	.9	N C	91	3.9	Of the highest grade.
West Shore 1st 4s, 2361	..	49	.7	.9	N C	83	4.8	Strong, well-situated bond.
Northern Pacific Ry.								
Prior Lien & Land Grant 4s, 1997	309	106	.9	1.0	N C	98	4.1	High grade investmnt.
Gen. Lien 3s, 2047	309	55	.9	1.0	N C	68	4.4	Junior to issue above, but still strong.
Ref. & Imp. "B" 6s, 2047	309	145	.9	1.0	110 '36	101	5.9	Junior to two issues above.

Public Utilities

Company	Total funded debt (mil'ns)	Amount of this issue (mil'ns)	Fixed Charges times earned† 1932	Fixed Charges times earned† 1933	Price Call‡	Price Recent	Yield to Maturity	COMMENT
Alabama Power Co.								
1st Mtge. 5s, 1946	97	71	1.8	1.7	105	85	6.8	Good grade, but Government operation of Muscle Shoals unknown factor.
1st Lien & Ref. 5s, 1951	97	61	1.8	1.7	104½*	78	7.3	Ranks slightly below 1st 5s.
1st & Ref. 4½s, 1967	97	63	1.8	1.7	101½*	67	7.1	Ranks slightly below 1st lien & ref. bonds.
Brooklyn Union Gas Co.								
1st Cons. 5s, 1945	49	15	3.0	2.8	N C	110	3.9	Of the highest grade.
1st & Ref. "B" 5s, 1957	49	16	3.0	2.8	107*	108	4.4	Junior to issue above, but still high grade.
Deb. 5s, 1950	49	18	3.0	2.8	105*	103	4.7	Strong bond, tho not secured by mtge.

Street's Bond Appraisals

Public Utilities (*Continued*)

Company	Total funded debt (mil'ns)	Amount of this issue (mil'ns)	Fixed Charges times earned† 1932	1933	Price Call‡	Recent	Yield to Maturity	COMMENT
Detroit Edison Gen. & Ref. (now 1st) "D" ★★4½s, 1961	134	134	2.1	1.9	105 '41*	101	4.4	Automobile activity and outlook improves position. Almost high grade.
★Jersey Central Pwr. & Lt. 1st & Ref. (now 1st) "C" 4½s, 1961	42	42	2.1	..	105*	90	5.2	Better grade.
Laclede Gas Light Co.								
Ref. & Ext. 5s, 4.1.34 (Ext'd)	36	10	1.5	1.3	...	87	8.2	Offered cash payment of $21.60 for five-year extension.
1st Coll. & Ref. "C" 5½s, 1953	36	23	1.5	1.3	103*	60	10.3	Junior to issue above, tho $10,000,000 of the former pledged hereunder.
Massachusetts Gas Cos.								
★20-Yr. 5½s, 1946	52	16	2.0	2.0E	105	96	6.0	Ranking equally, both these issues are good grade.
★Deb. 5s, 1955	52	24	2.0	2.0E	103	90	5.8	
Boston Con. Gas Deb. 5s, 1947	11	11	5.5	..	105	106	4.4	Senior to two issues above. Strong bond.
New York Edison								
1st Lien & Ref. "B" 5s, 1944	123	85	5.0	4.4	105*	108	4.0	High grade investment bond.
N. Y. Gas & El. Lt., Heat & Pwr. 1st 5s, 1948	123	15	5.0	4.4	N C	113	3.8	Assumed by New York Edison. Gilt edged.
do P. M. 4s, 1949	123	21	5.0	4.4	N C	104	3.6	
N. Y. Power & Light 1st 4½s, 1967	67	67	2.1	..	105*	91	5.1	Good grade bond.
Ohio Edison Co.								
1st & Cons. 5s, 1960	68	27	2.2	1.9	105*	90	5.7	Medium grade bond.
Northern Ohio Pwr. & Lt. Gen. & Ref. 5½s, 1951	68	18	2.2	1.9	105*	98	5.7	Ohio Edison assumes. Medium grade.
Penn-Ohio Pr. & Lt. 1st & Ref. 5½s, '54	68	19	2.2	1.9	104*	100	5.5	Also assumed by Ohio Edison. About same grade as issues above.
Southern California Gas Co.								
1st & Ref. (now 1st) "B" 5½s, 1952	27	12	2.7	2.7	102½	104	5.2	Better grade.
1st Mtge. & Ref. 4½s, 1961	27	21	2.7	2.7	105*	95	4.8	Ranks slightly below issue above.
Union Electric Light & Power (Mo.)								
★★Gen. (now 1st) 5s, 1957	94	64	2.1	1.9E	104½*	104	4.7	Better grade investment.
Miss. River Power 1st 5s, 1951	20	17	2.5	2.1	105	105	4.6	Strong bond.
Un. El. Lt. & Pr. of Ill. 1st 5½s, 1954	8	8	5.9	6.2	103*	106	5.0	Good, sound issue.

Industrials

Company	Total funded debt (mil'ns)	Amount of this issue (mil'ns)	Fixed Charges times earned† 1932	1933	Price Call‡	Recent	Yield to Maturity	COMMENT
National Dairy Products Deb. 5¼s, 1948	74	73	3.9	..	103¼*	92	6.1	Chaotic conditions in dairy industry weaken somewhat this once strong issue.
New York Dock Co.								
1st 4s, 1951	20	13	1.1	..	105	64	7.9	Of fair caliber.
Notes, 5s, 1934/1937	20	7	1.1	..	101	..	..	Junior to issue above.
★Remington-Rand Deb. "A" 5½s, 1947	18	18	def c	..	104*	90	6.7	cYear to 3.31. Company strong financially and doing better.
Swift & Co.								
1st 5s, 1944	48	21	def b	4.6b	102½	106	4.3	bYears to 10.31. High grade.
5% Notes, 1940	48	26	def b	4.6b	102	102	4.6	Junior to issue above.
Texas Corp. Deb. 5s, 1944	98	90	.6	..	101½*	102	4.7	Business improved. Now better grade.
Tobacco Products (N. J.) Coll. Tr. Deb. 6½s, 2022	35	35	..	..	100	107	6.1	Secured pledge lease agreement with Am. Tobacco. Appears sound issue.
United States Steel Corp.								
Illinois Steel Deb. 4½s, 1940	99	19	def a	def a	105	105	3.6	a U. S. Steel's earnings, guarantor. All are high grade bonds.
C. L. S. & East. 1st 4½s, 1969	99	9	def a	def a	110	..	..	
Frick (H. C.) Coke Pitts-Mon. P. M. 5s, 1933-44	99	7	def a	def a	N C	..	..	
Not Guaranteed.								
Elgin Joliet & East. Ry. 1st 5s, 1941	12	10	def	..	N C	102	4.7	Does better with rise in industrial activity. Bond is entitled to a good rating.
Tenn. C. & I. R. R. Gen. 5s, 1951	..	11	..	..	N C	108	4.3	Strong, well-secured bond.
Youngstown Sheet & Tube 1st "A" 5s, 1978	90	90	def	def	105*	86	5.9	Further recovery expected for this year. Medium grade.

Short-Term Issues

Company	Due date	Amount of this issue (mil'ns)	Fixed Charges times earned† 1932	1933	Price Call‡	Recent	Yield to Maturity	COMMENT
★★Atlantic Refining Deb. 5s	7.1.37	14	5.9	10.1	N C	106	3.2	Better grade investment.
Buffalo Gen. El. 1st Ref. 5s	4.1.39	7	2.6	2.1E	105	..	..	High grade bond.
Chicago Gas Light & Coke 1st 5s	7.1.37	10	1.9	..	N C	105	3.5	Better grade investment.
Gulf Oil Deb. 5s	12.1.37	28	1.4	..	103½	104	3.9	Better grade issue.
Humble Oil & Refining Deb. 5s	4.1.37	19	9.1	..	102	104	3.6	Normally a very wide margin earned over interest requirements. High grade.
★★New York Telephone 1st & Gen. 4½s	11.1.39	61	3.7	..	110	106	3.3	Gilt-edged.
Pacific Tel & Tel. 1st & Coll. 5s	1.2.37	26	4.1	3.8	110	106	2.9	Of the highest grade.
Virginia Rail. & Pr. 1st & Ref. (now 1st) 5s	7.1.34	11	2.9g	2.6g	105	107	..	gEarnings Va. El. & Pwr. Makes interesting exchange offer.

† Fixed charges times earned is computed on an "over all" basis. In the case of a railroad, the item includes interest on funded debt and other debt, rents for leased roads, miscellaneous rents, etc.; in the case of a public utility it includes interest on funded and unfunded debt, subsidiary preferred dividends, minority interest, etc. ‡ An entry such as 105 '36 means that the bond is not callable until 1936 at the price named. * Indicates that the issue is callable as a whole or in part at gradually decreasing prices. E Estimated. ★★ Our preferences where safety of principal is predominant consideration. ★ Our preferences where some slight risk may be taken in order to obtain a higher return.

ERIE RAILROAD CO.

An Epic of Reconstruction

With Management Able, Physical Properties Sound and Operating Efficiency High, Business Recovery Will Open a Brighter Chapter for the System That Was Once "Two Streaks of Rust"

By Garnault Agassiz

IN THE annals of American railroading there are few more compellingly interesting stories than that of the Erie Railroad, whose century-old history reflects vividly the strange vicissitudes of the country's growth; recounting dramatically the failures and achievements of men, their courage and integrity, their weaknesses and greed.

Seldom has a great enterprise had to face such overwhelming odds, to wrest against such physical and fiscal disadvantages, to outlive such public derision. Its final triumph constitutes an epic to challenge the future.

The Erie Railroad had its origin in the New York & Erie Railroad, incorporated in 1832 to connect Lake Erie with the Hudson River at New York. The "iron horse" was an untried experiment in those formative days, and the public was not over anxious to invest in its future. Thus it was not until 1851 that the road finally reached the Great Lakes. For the first few years of operation it prospered, but because of inefficient management, wasteful expenditures and unsettled economic conditions, the company was forced into bankruptcy in 1861 and the following year it was reorganized as the Erie Railway.

The new company started auspiciously, earning sufficient to pay 5% on its preferred stock in the first year of operation, and 7% on its preferred and 7½% on its common in the second and third, these being the final years of the Civil War. This was the last prosperity that the road was to see for many years, for in 1867 the darkest period of its history was ushered in, the period in which the road was under the control of those ruthless pirates of finance and politics, Gould, Fiske, Drew, and Tweed. Never before had such a deliberate plan for the plunder of a property been conceived. The interests of the shareholders were given no consideration, the directors were dummies, Jay Gould and Jim Fiske literally carried the general offices of the company around in their pockets, while Dan Drew's printing presses worked ceaselessly in imprinting reams of worthless stock. Their power was absolute, and no one appeared able to check their rapaciousness. In the first year of operations under the Gould-Fiske ring the Erie had a deficit of more than $2,000,000.

The Racketeers Are Forced Out

Gould and his partners were finally forced out of the Erie in March, 1872. The road had been absolutely wrecked, and the public realized it, as is shown by the fact that from a figure of 83 in 1868 the common stock had become practically worthless. With Gould no longer in control, it was generally anticipated that a brighter day had dawned for the Erie, and on this assumption it was able to borrow, largely in London, $26,000,000 in new capital. But these roseate expectations were short lived. The change in management had not materially bettered things, for in its first three years it increased the obligations of the company by a greater sum than had Gould in his last three years of control. From a physical standpoint, too, the road was in a deplorable condition, an English engineer reporting to his principals that there were no less than 78 varieties of rail in the main line alone.

Again the road was foreclosed, and once more reorganization was resorted to. The new company was called the New York, Lake Erie & Western. Incorporated in 1878, it operated with indifferent success for 17 years. But the odds confronting it proved insurmountable, and in 1895, it was sold under foreclosure, and a new company was formed to supersede it. That company is the Erie Railroad of today.

Under the reorganization, the new company acquired the New York, Lake Erie & Western and its various subsidiaries, and merged them into a single system. In no sense of the word a railroad, it was generally designated, "the streak of rust." The path of the new company was difficult and it is almost a miracle that it survived.

But with the turn of the century its prospects brightened perceptibly, not only because of a quickened national industrial pulse, but because also of the coming to the presidency of a man with sufficient foresight to visualize the future prospects of the road, and sufficient courage to work for their realization. He was Frederick W. Underwood, who controlled the

The Record Through Four Years of Depression

	1930	1931	1932	1933
Operating Revenues	$108,996,010	$90,153,601	$73,746,074	$72,086,315
Operating Expenses	84,469,249	70,314,500	55,847,813	51,612,532
Operating Ratio....	77.50%	77.99%	75.73%	71.60%
Net Income.........	$4,171,149	$901,093(Def)	$3,142,997(Def)	$531,526
Times charges earned	1.26	.94	.81	1.03
Earned per share 1st Pfd............	$8.71	Def.	Def.	$1.11
2nd Pfd...........	14.09	Def.	Def.	Def.
Common..........	1.07	Def.	Def.	Def.

destinies of the Erie for more than a quarter of a century.

Under the guidance of Mr. Underwood, the Erie Railroad underwent a physical metamorphosis. He did not make the system a complete financial success, but he rehabilitated the road to a point where it could be fashioned by others into a transportation organization capable of competing with the other great trunk lines of its territory.

Mr. Underwood's first thought was the replacement of track and equipment, which led to a gradual improvement in earnings, and a wider public appreciation of the road's potentialities. By 1908, he had restored the credit of the system to a point where the road was able to obtain $20,000,000 in new capital, providing it with funds for double tracking the western line and other needed betterments, particularly cut-offs that eliminated "killing" grades.

The double tracking and the various other projects were completed early in 1914, and they had an immediate effect in increasing operating efficiency, as will be seen from the following comparative figures for tons carried a train mile: 1901, 400 tons; 1908, 501 tons; 1914, 620 tons. Their effect on the system's earnings was also salutary. In 1908, with gross earnings of $50,000,000, there had been a deficit of $2,200,000; in 1915, with gross earnings of $66,000,000, there was a surplus of $6,000,000.

Toward the close of 1917 the effects of the World War commenced to be felt, particularly in higher labor and material costs, and during 1918 and 1919 the Erie, in common with all the roads of the country, was placed under the United States Railroad Administration. Fiscal conditions during this period were analagous to those of most of the other systems. There was a deficit in 1918 of $11,755,000, in spite of the fact that gross revenues approximated $99,000,000. For 1919, with gross revenues of $102,000,000, the deficit amounted to nearly $10,000,000.

With the return of the road to its owners, conditions began to improve, but not to the extent that they might have had the company been able to obtain the funds with which to purchase much needed motive power and equipment. This opportunity came with the acquisition of the property by the Van Sweringen brothers, of Cleveland, in 1927. Thus began the present and most hopeful chapter of Erie's history.

As in the reorganization of the Nickel Plate, the first action of the new control was the appointment to the presidency of the road of a man of tried experience and ability. The man selected was J. J. Bernet, now president of the Chesapeake & Ohio, which under his direction has become such an outstanding success. Mr. Bernet retained the presidency of the road for less than two years, being succeeded to the post by one of his able lieutenants, C. E. Denney, of the Nickel Plate, who has pursued the general policy instituted by Mr. Bernet.

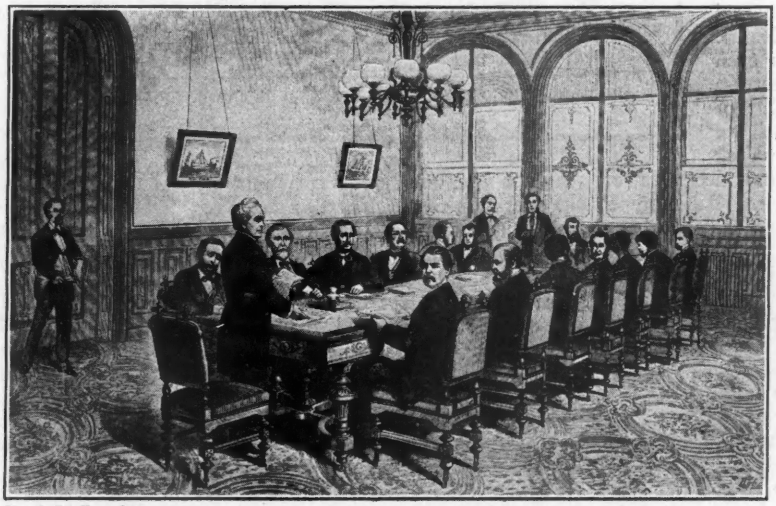
A thorough reorganization of the operating departments was effected. The regional plan was abolished, being superseded by a three-district plan, each district in charge of a general manager reporting to the operating vice-president in New York. Next the pressing financial needs of the railroad were attended to. The credit of the company had been notoriously bad for years, and from 1908 on it had been compelled to provide for most of its corporate financing through the issue and renewal of short-term notes, its only other financing having been in the form of emergency loans from the Railroad Administration. One of the first steps was the flotation of $50,000,000 5% junior mortgage bonds of which approximately $30,000,000 was used in freeing Erie of floating debt for the first time in years, and the remainder in making much needed betterments.

In the same year the company saved annual interest charges of $772,000 through the conversion into preferred stock of $19,317,400 of its general mortgage bonds. In 1930 it engaged in further financing, issuing $50,000,000 in 5% gold mortgage bonds, the proceeds of which were employed to retire maturing obligations, repay bank advances, and furnish funds for betterments and various corporate needs, and two years later made a further issue of $50,000,000 of 6% refunding gold bonds, of which approximately $30,000,000 came to the company in reimbursement of additions and betterments and the balance turned into its treasury in return for maturing obligations it held. This issue has been pledged in its entirety as collateral for loans from the Reconstruction Finance and Railroad Credit corporations.

Equally far-reaching have been the economies effected in operation. Perhaps never before has a road been so completely rehabilitated in so short a period. Especially noteworthy has been the increase in motive power efficiency, effected chiefly through the acquisition of 170 modern engines. The extent of this improvement is strikingly demonstrated in the statistics of locomotive performance, which show that from 1927 to 1932 the cost per locomotive mile fell more than 25% and the cost per 1,000-ton mile dropped approximately 40%. There was a reduction of 25% also in the per mile repair costs.

Thousands of units of equipment have been retired, and replaced by modern rolling stock, and while the depression has prevented the road from carrying out its betterment program to the full it has maintained the physical properties in good condition.

When the depression came upon the country, prosperity for the Erie seemed in the offing. Total surpluses for the three years 1927-1929 had aggregated more than $16,000,000, while for the year 1929 operating revenues reached



Frank Leslie print

The Directors of Erie in Session, March, 1872, Just After Jay Gould's Resignation

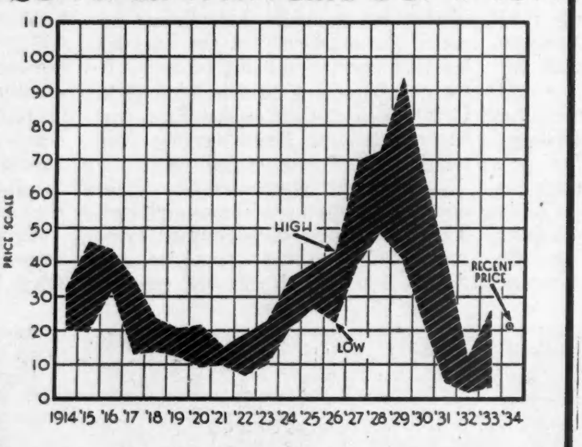
$129,000,000, the second highest figure in the system's history, and net operating income more than $21,000,000, the all-time peak. Total revenues dropped over $20,000,000 in 1930, fell another $18,000,000 the following year, while for 1932 they showed an additional decline of approximately $16,500,000, total operating revenues for that year aggregating only $73,746,074, a decline of 42.9% from 1929. It is significant that for the same period operating expenses declined 42.8%. Last year's revenues showed a further decline of 2.25% to $72,086,315 but operating expenses declined 7.58% to $51,612,532 or 47.4 under 1929.

The Erie has been one of the three Class 1 railroads that have been able to control their transportation ratios in the face of rapidly falling revenues, its 1932 increase over 1929 being only 0.3%, compared with 11.2% for the New York Central, 9.8% for the Baltimore & Ohio, and 8% for the Pennsylvania. Its 1933 record was even better, showing a decrease compared with 1929 of 3.9%, contrasted with an increase for the New York Central of 5.5% and decreases of 2.2% and 0.7% for the Baltimore & Ohio and Pennsylvania respectively.

One of the four trunk lines that connect Chicago with tidewater at New York, the others being those mentioned in the paragraph above, the Erie serves a rich and highly industrialized territory, in parts densely populated and yet by no means at the saturation point. No system is more strategically situated in relation to the anthracite coal fields of Pennsylvania, nor occupies a better position in the rich Mahoning Valley, generally known as the Youngstown District. It is able also to obtain its share of traffic from the steel mills and coke furnaces of Cleveland and Chicago, the oil refineries of Pennsylvania, and the rubber mills of the Akron district. It reaches, too, all of the important cities of its territory, including, in addition to New York and Chicago, Jersey City, Buffalo, Binghamton, Cleveland, Cincinnati, Akron, and Springfield. The density of its traffic is said to be second only to the Pennsylvania, and it is believed that it could be increased 25% above 1929 figures without adding to existing facilities.

The Erie is essentially a freight system, more than 90% of its gross revenues coming from this source. Coal represents more than 50% of the total tonnage, and 20% of its total revenues. In 1929 more than 50,000,000 tons were hauled, but last year only about half that amount was carried. The Erie owns its own mines, both anthracite and bituminous, and therefore can command a considerable portion of this type of movement. To date its coal companies have paid into the company's treasury more than $90,000,000. They are now leased to the Pittston Co., organized for the purpose of operating them. The Erie's coal reserves have been estimated at more than 100,000,000 tons.

20 YEARS WITH ERIE COMMON



Being almost wholly a freight system, the Erie is not compelled to maintain the standard of roadbed necessary for the operation of the crack fliers. The road has some through traffic, but 90% of its passenger revenues are derived from its highly developed commutation traffic in suburban New York.

Although more heavily capitalized per mile than most of the country's railroad systems, the capital structure of the Erie does not constitute a threat to the Erie's prosperity, chiefly because its long-term debt of $270,961,000 is amortizable over a long period. The road has a future problem to meet in meeting this huge obligation; that is if the country's prosperity does not enable it to increase its earnings in such a large way that the problem will automatically solve itself.

Since its reorganization in 1895, the Erie has seldom failed to meet its fixed charges, in its best year 1929 earning these 1.81 times. In that year it earned its First Preferred dividend 6.10 times and its Second Preferred dividend 15.25 times, and earned 6.04 on its common. Its capital stock outstanding is: First Preferred, $47,904,400, Second Preferred, $16,000,000, Common $151,116,700. The preferred stocks are both non-cumulative, which would seem to give added attraction to the common.

Even in its most prosperous years the Erie management has been most conservative in the matter of dividend payments. It paid the regular 4% dividends on the first preferred from 1901 to 1907 inclusive and from 1929 to 1931 inclusive, and on the second preferred from 1905 to 1907 inclusive and in 1929 and 1930, these being the only disbursements that have been made on the securities of the company.

The Erie managements have been consistent in putting reserves back into the property in the form of additions and betterments. It is estimated, indeed, that in the last 15 years more than $100,000,000 have been reinvested in the railroad in this manner. It is estimated that the economies effected in the past three or four years would represent at least 4% on the common stock.

Erie's current financial position is only fair. Current assets, including $6,689,499 cash, total $18,113,889, while current liabilities, including bank loans of $2,575,000, loans of $3,800,285 from the Railroad Credit Corporation and loans of $2,775,000 from the Reconstruction Finance Corporation, amount to $21,882,811. This element of weakness, however, it not serious, for, with costs under rigid control, a moderate expansion in revenues could rather quickly restore the road's current financial position to a satisfactory ratio.

Thus far in 1934 Erie's operating revenues have been running approximately 13% above the level for the corresponding period of 1933, but net operating income has been more than double that of the 1933 period. During January and February the latter figure was the highest since 1930, and well in excess of fixed charges.

Thanks to capable management, Erie today is a better and more efficient railroad than ever before. In marked contrast with the past, the handicaps of poor management and physical inadequacy have been eliminated. The road's prime need today is simply normal freight traffic and this depends on general business conditions beyond the control of any management. Even the

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Investment Opportunities in Low-Labor-Cost Industries

Part I—Meat Packing

By Edwin A. Barnes

THE war against depression is waged on three great fronts—Finance, Agriculture, and Labor. General Johnson in command of the shock troops attacking the Labor salient has issued the terse command, "Increase wages 10%, reduce working hours 10%—March!" Already two crack divisions, the automobile and steel industries, have moved forward. Others will follow.

The investor's position is analogous to that of the non-combatant in occupied territory. The extent of the damage to his interests will depend upon the ferocity of the attack and the effectiveness and efficiency of the divisions in his territory. If the battle is won his sacrifice will not have been in vain and his property could be rehabilitated rapidly. In the meantime, it behooves him to remove some portion of his effects to sectors where the fighting promises to be less intense. In other words, to industries where labor costs do not predominate in determining corporate profits.

Labor costs vary widely among industries and the percentage of wages to total costs ranges from about 70% in the motion picture industry, according to the 1931 census, to less than 5% in the smelting of copper and lead. It will be the purpose of this and subsequent discussions to examine into the current status of several industries which have the advantage of relatively low labor costs. While low labor costs will be the primary consideration, the choice of industries will be limited to those which are definitely in a position to forge ahead this year. Obviously, such a group of industries should afford opportunities for profitable investment.

The selection of the packing industry for the first of this series is a logical one. Of major industries favorably situated at this time, meat packing companies have the lowest relative labor costs, being less than 7% of total operating expenditures. With the assurance, therefore, that any increase in the present scale of wages would have but slight effect upon stockholders' profits, the balance of this discussion may properly be concerned with other fundamental aspects of the industry.

There is no major industry which can claim a greater degree of integration and efficiency than that which has been attained by the large meat packers. Doubtless, if it were not for this condition, the special problems with which the industry must constantly cope would become intensified to a point where the question of profits would remain largely a matter of fortuitous circumstances. Assuredly any industry which has shown an average profit of less than 1% on sales over a ten-year period, and which earned less than 2% last year when recovery in the industry was particularly marked, must be continually "on it's toes" to squeeze every last penny out of sales.

With profit margins small, the industry must rely upon a large annual turnover. While the necessitous nature of meat as a food product assures a large demand, exceedingly keen competition not only within the industry but with other foods compels packers to maintain at a minimum the spread between the cost of live stock and the price to the consumer. Furthermore, while it is necessary to carry inventories of hides and smoked meats or to contract for meat on the hoof, it is not practicable for the industry to accumulate large inventories of fresh meat which might later be marketed to better advantage. Fresh meat is a highly perishable product which must be treated, shipped and sold with the greatest possible despatch. The rapid strides which have been made in the efficiency of refrigeration in recent years have resulted in important contributions to the efficiency of the industry as a whole. Nevertheless, there must be an uninterrupted movement of meat from the slaughter house

Courtesy Armour & Co.

Beef Killing and Skinning Floor of Chicago Plant.

house to the consumer and the producer dare not attempt to widen his profit margin by an advance in prices, however slight, for loss of business to competitors or from consumer resistance of even moderate duration would spell heavy financial losses to him.

An experience last year affords an example of this condition. With the imposition of the processing tax on hogs, beginning at 50 cents per cwt., November 1, last, the industry realized that curtailed purchasing power and large supplies of hogs made it impossible for this tax to be passed along to the consumer. As a result the wholesale price of hogs declined sufficiently to offset the tax and the farmer received that much less for his stock.

One of the most important phases of the packing industry is the manufacture of by-products. While meat remains the most valuable product, the development of by-products has proceeded to a point where their relation to the profits of the industry is an extremely vital one. In 1931, according to the Bureau of Census, the total value of fresh meat in that year amounted to $1,177,080,000, whereas by-products, including cured and canned meats, had a value of $1,003,743,000. The industry produces a total of about 140 by-products including, to name but a few, leather, soap, cleansing powders, glue, fertilizers and medicinal preparations. Were it not for these products, and the great elimination of waste material which they afford, the price of a steak or a chop would be much higher with a corresponding detriment to aggregate sales.

Having at it's disposal a most comprehensive system of distribution under constant refrigeration, it was a natural step for the industry to undertake, with a view to further curtailing costs, the distribution of poultry, butter and eggs. The industry, of course, is barred by Government decree from entering the retail end of the business. Within its limitations, however, the packing industry, accounts for a $2,000,000,000 volume of business annually and employing about 110,000 people, is easily a prominent and vital factor in our commercial structure.

Responding to a marked increase in consumption, larger exports and a moderate advance in prices, the earnings of the industry underwent a decided reversal for the better in 1933 and the individual showing made by representative companies was in pleasing contrast to the large losses suffered in 1932 and 1931. From every indication the improvement which began in 1933 has been continued into the current year. Of particular significance is the consistence in the rising trend of public consumption of meat. The Federal Reserve Bank of Chicago is authority for the statement that meat packers' shipments in January of this year were the largest in nine years. There is no doubt that increased employment and larger public purchasing power have had much to do with increased consumption. Of equal importance, however, particularly in relation to the longer term outlook for the industry, is the change which is taking place in the method of retail distribution.

Leading chain store systems, by the application of highly efficient merchandising methods to the sale of meat, have been able to increase the consumption of meat products in practically every neighborhood where meat units are operated. They have been able to effect a substantial reduction in the handling, cutting and sales costs of meat through means which are not available to the individual butcher. From the experience of the chain stores, it is reasonable to conclude that they must be credited with a good measure of the increased consumption, resulting from better values to the consumer, and the limit of their contribution in this respect has by no means been reached. Careful surveys of the packing industry covering a considerable period of time indicate that meat values and per capita consumption are determined by public income. If improved methods of distribution make it possible for the public to purchase more and better meats the effect from the standpoint of company profits would be the same as an increase in per capita income.

From the fundamental standpoint of supply and demand, the current outlook for the packing industry is most sanguine. As a practical matter, however, optimism must be tempered to some extent by the uncertainties arising from possible governmental intervention. The close relation of the industry and the farmer may result in the imposition of further regulatory measures by the A A A and while the industry is co-operating with that body in an attempt to construct a workable code, no definite plan has as yet been submitted. Until this phase of the situation has been straightened out, packing shares will not reflect fully the industrial factors which otherwise might be currently effective in enhancing their value.

Among individual units, Swift & Co. is the largest of the Big Four, and by the same token the largest domestic packer. Last year the company turned in a profit of more than $10,000,000, before reserves of $4,267,000 for possible inventory losses. Applied to the 5,895,527 shares of capital stock, net income last year was equal to $1.75 a share. In 1932 a loss of $5,337,789 resulted in a deficit of 89 cents a share on the stock, while in 1931 the stock earned $1.37 a share, including profits derived from the sale of certain properties. Current financial position of

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Position of the "Big Four" Meat Packers*

(Thousands of Dollars)

	Armour 1933	Armour 1932	Swift 1933	Swift 1932	Wilson 1933	Wilson 1932	Cudahy 1933	Cudahy 1932
Gross Sales (millions)	452	468	500	539	140	143	124	133
Net Operating Profit (1)	8,121	2,216	12,622	def 2,160	4,115	964	3,114	1,972
Earned Per Share Common	8.72(P)	Cl. A def	1.75	def 0.89	4.67(A)	def(A)	2.64	0.71
NET WORKING CAPITAL POSITION END OF FISCAL YEAR								
Cash (2)	26,011	36,486	23,789	56,370	5,658	9,687	5,204	4,699
Inventory	73,935	52,514	72,982	56,747	16,232	11,996	16,205	11,903
Net Working Capital	109,780	106,769	140,566	129,101	25,567	26,057	20,856	19,020
Recent Quotations	Pfd. 61		Comm. 17		Pfd. 75		Comm. 47	
	Cl. A 6				Cl. A 23			

* Fiscal year ends on or about Oct. 31. (A) Class A Stock. (P) Preferred Stock. (1) After depreciation. (2) And marketable securities.

For Income and Appreciation

Five Sound Common Stocks with Established or Improving Earning Power

SELECTED BY THE MAGAZINE OF WALL STREET STAFF

Trico Products Corp.

5-year net Average	Dividend	Current Yield
$4.56	$2.50	7.1%

THE windshield wiper is a small but indispensable part of an automobile. That is why Trico Products, the world's leading maker of windshield wipers, can boast of an earnings record that many larger automotive accessory companies might well envy. Few manufacturing enterprises in any field have fared so well throughout depression.

Trico started paying dividends at the rate of $2.50 a share annually in 1928. It has maintained this rate of distribution in each year thereafter. Moreover, each year's dividend—including that of 1932, bottom year of the depression—was earned with a margin to spare, with the result that the company's surplus account has tripled during the past six years.

Considering the wide variations in automobile production during recent years, this company's demonstrated stability of earning power suggests that its position is decidedly unusual, and so it is. Holding more than 300 patents, it enjoys virtually a monopoly position in vacuum-type windshield wipers. This wiper, superior to electrically-motivated wipers, is standard equipment on the great majority of automobiles.

The floating supply of the stock is small and the issue has never enjoyed active market sponsorship. Considering its record of earning power, a question naturally arises as to why it is priced to yield the attractive return of 7.1%. The answer apparently lies in a natural inclination to withhold investment ranking from an issue so largely dependent on a single product. Will not the patents some day expire? May not some competitor produce a better and cheaper wiper?

The answer to the first question is that the chief patents do not expire until 1942 or eight years hence. Moreover, improved and newly patented features of the original device quite likely will extend the company's domination in this field. As to the second question, no one can predict with certainty that it is impossible for the vacuum-type wiper to be displaced by the development of a device of new type—yet this question was being asked five years ago. Under the stress of depression, the accessory companies have vied with each other in introducing new devices and gadgets. It is to be doubted that the field of the windshield wiper has been overlooked in experimentation. No competitive threat having disturbed Trico Products in the fourteen years of its existence (it was organized in 1920) it is to be doubted that one need worry overly concerning this danger.

Then, too, the company has met with considerable success both in building up a replacement business and in diversifying its products. Its line now includes rear-view mirrors and vacuum-operated horns. While these and other lesser products are subsidiary, they have accounted in recent years for an increasing percentage of sales.

Capitalization is unique, consisting of 675,000 no par common shares, of which 374,991 are "unrestricted" and the balance, held by the management, are "restricted." The restriction provisions are removed on designated amounts of stock in agreed ratio to increased earnings and dividends. Without further discussion of this somewhat complicated set-up, suffice it to say that no additional "restricted" shares will participate until earnings on the present 374,991 shares of "unrestricted" stock are upward of $9 per share. That is not a near-term contingency.

Total assets of approximately $7,500,000 include cash and marketable securities of $4,420,000, the fixed property investment being only $1,650,000. Profit for 1933 was $3.78 per share, against $2.57 in 1932, $4.70 in 1931, $5.09 in 1930 and $6.67 in 1929. This record speaks for itself. Conceding a semi-speculative position, the stock around 35 appears attractive on the basis of liberal yield and possibilities of moderate appreciation.

Safeway Stores, Inc.

5-year net Average	Dividend	Current Yield
$5.70	$3	5.88%

OUT of all fields of business during 1933 the chain store group showed the largest percentage of return on capital invested. In 1932 its showing was second only to that of the tobacco group. This record affords striking proof of the economic soundness of the chain store system in its basic concept. That concept is volume distribution of merchandise at low cost and low unit profit through numerous outlets under centralized management.

The inherent soundness of this method of merchandising has successfully withstood punitive taxation in many states. The greatest risk involved is over-rapid expansion of outlets, with diminishing profits per store. This is a problem for management.

Safeway Stores is one of the largest of the chain grocery concerns, operating upward of 3,000 stores, some 2,000 of which also have meat markets. It owns more than sixty warehouses, a score of bakeries and four dairies. Sales last year totalled $220,156,841 and

net profits amounted to $4,289,635.

Thus, the profit on sales was less than 2%, but in return on the company's net worth, officially stated at $45,061,289, it was 9.5%. That is a creditable showing for any enterprise in a year of decidedly sub-normal business conditions. In 1929, the company's peak year, it earned approximately 16% on its net worth.

As large companies go, Safeway is yet young. It was organized in 1926, with 673 stores and sales of slightly more than $50,000,000 a year. In eight years the number of its stores has increased five-fold, its sales more than four-fold; while capital and surplus are more than ten times larger than in 1926 and book value of the common stock around $36 is approximately six times the figure of 1926. In 1931 Safeway took over the MacMarr chain of some 1,400 stores.

The development of such a system in eight years necessarily involves a certain amount of trial and error experimentation on the part of management. In 1932, for example, 107 unprofitable stores were closed and 192 were closed because of duplication between Safeway stores and stores acquired from the MacMarr chain, while 142 new stores and 203 meat markets were opened. In smaller measure readjustments of this kind are continuing.

Considering the many problems which any large enterprise is confronted with during its formative period, the fact that Safeway has earned satisfactory profits in each year of its life not only speaks well for the company but augurs well for its future. For the eight years its profits per share of common stock were as follows: 1926, $4.89; 1927, $5.80; 1928, $8.12; 1929, $9.02; 1930, $4.82; 1931, $6.34; 1932, $4.22; 1933, $4.11. The Safeway stores are located chiefly in the West and Southwest, with more than a third of the total in California, but there are also some 350 in Maryland, Virginia and the District of Columbia and more than 170 in Canada. The system's financial position appears secure, current assets, including $7,274,911 cash, amounting to $28,744,316, against current liabilities of $5,924,188. Capitalization consists of $9,662,600 in 7% preferred stock, $5,915,000 in 6% preferred stock and 799,348 shares of common.

On the record to date the common stock can be regarded as a semi-speculative issue of good grade, with the $3 dividend reasonably secure and the current market price around 50 not excessive in relation either to past performance or to the company's prospect of future growth.

Louisville & Nashville

WITH the declaration of a $1.50 dividend earlier this year, the Louisville & Nashville R.R., gained the distinction of being the first major carrier to resume dividends since the depression. That this action is subject to favorable implications goes without saying, but behind it lies an operating and financial record which provides a sound basis for judging the prospects for the road from this point on.

The territory traversed by Louisville & Nashville extends from St. Louis, Chicago and Cincinnati on the north to New Orleans, Mobile and Pensacola on the south, between which terminals such important cities as Memphis, Mobile, Nashville, Atlanta and others are served. The road originates in its own territory about 85% of its freight traffic, a feature made possible by the heavy northward movement of bituminous coal from the Kentucky fields. In fact, the latter item comprises about 65% of the aggregate volume of freight. Manufactured and miscellaneous freight, commanding higher rates, accounts for a good portion of the remainder and agricultural products are relatively unimportant. In the past definite advantages have accrued to the road through the fact that the Kentucky coal fields were non-unionized thereby giving them an important competitive advantage. Whether these advantages will continue in the same measure under the present coal code cannot be predicted but it seems reasonable to assume that any shifting in the movement of bituminous coal, for the present at least, will not

5-year net Average	Dividend	Current Yield
$3.60	$1.50	2.73%

attain proportions which could not be largely offset by an increasing volume of other freight items resulting from rising industrial activity.

Viewed in relation to traffic density and normal earning power, capitalization of Louisville & Nashville is conservative. Fixed charges in each of the seven years prior to 1930 were earned better than twice over. Until August, 1932, dividends had been paid in varying amounts without interruption since 1899, and total payments to stockholders from the time of the road's organization aggregated nearly $189,000,000. At the present time, bonds are outstanding in an amount equal to about two-thirds of total capitalization, with 1,170,000 shares of stock comprising the balance. This division of the capital structure gives the shares a high leverage factor, resulting in large equity earnings in prosperous times and placing somewhat of a burden on the road to meet fixed charges in a period of unusual depression such as we have witnessed during the past three years. With the probabilities now in favor of a definite reversal for the better in traffic and earnings, the position of the shares should become increasingly stronger.

The advent of the depression found Louisville & Nashville in a strong treasury position. This fortunate circumstance enabled the road to meet the inadequacy of coverage for fixed charges in 1932, when only 82% of requirements were earned. At the end of last year the road had liquid resources of more than $16,000,000 and total current assets of over $30,600,000, or more than $21,500,000 in excess of current liabilities. The road has no bank loans or bills payable and long term maturities this year are insignificant.

With ample provision made for all current financial requirements, the road was enabled to pay out in the form of the aforementioned dividend of $1.50 practically all of the earnings on the capital stock last year. Net income, after providing coverage of 1.16 times for fixed charges last year, was equal to $1.53 per share of capital stock. In the previous year there was a deficit of $1.80 per share, after charges. Stimulated by the unusually cold weather, coal traffic was particularly heavy and gross revenues in the first two months of this year registered a gain of more than 16% over the same months of 1933. While larger maintenance charges have reduced the percentage of gross carried to net income, indications are that from $1.25 to $1.50 per share was earned in the first quarter, or nearly as much as in the full 1933 year. On this basis, earnings could support a $3-$4 annual dividend without difficulty. Ownership of 51% of L. & N. shares is vested with the Atlantic Coast Line, a fact which may tend to facilitate the placing of the shares on a definite dividend basis, aside from the fact that the road's financial

position would permit the disbursement of the bulk of earnings, in the form of dividends. It would appear, therefore, that the shares have much in their favor —reviving earnings, strong finances, high leverage and a relatively small floating supply—which should appeal to the foresighted investor. Few rail stocks offer as much.

Texas Corp.

5-year net Average	Dividend	Current Yield
$1.03	$1	4%

BECAUSE of the extremely unsatisfactory price conditions that existed in the petroleum industry during the first half of last year, the Texas Corp. was obliged to put down 1933 as another year in which a net loss was reported. The actual figure, however, was small—less than half a million dollars, compared with more than two million for the previous year. The $11,000,000 which was earned approximately in the second half was equivalent to about $1.18 a share on each of the 9,352,371 shares of common stock outstanding, exclusive of 498,866 shares in the treasury.

Despite the losses of recent years, the Texas Corp. has continued to pay common dividends. The present rate is $1 a share annually and provides a yield of 4% on the basis of the stock's current market price of $25. It might be noted that the payment of an unearned dividend has in no way impaired the company's financial condition. Indeed, over the past two years holdings of cash and marketable securities have increased somewhat. At the close of 1933, the company's total current assets amounted to $159,582,264, of which about $36,700,000 was cash or equivalent. Current liabilities totalled $33,508,566.

The Texas Corp. is a large and completely integrated unit in the petroleum industry. "Texaco" service stations are to be found in every state of the Union and the greater part of the goods that they sell have been "Texaco" from the ground up. The company's own crude oil production, including that produced on royalty, for last year amounted to almost 36,000,000 barrels. There were 6,547 producing wells in operation at the end of the period and it has been officially stated that proven reserves were the highest in the company's history.

Having brought the crude oil to the surface, the Texas Corp. transports it to a refinery, refines (its own runs to still amounted to 67,000,000 last year) and from here, via a bulk station, it moves to the company's own retail outlets. The greater part of the necessary transportation is carried out by means of the company's own, or controlled pipe lines, its own tankers and barges, and its own fleet of trucks. Foreign interests include large reserves of crude and a large business abroad to which there attaches much goodwill.

Yet, while integration has many advantages, the future of a company as large and as well-represented in all branches of the business as the Texas Corp. must adhere necessarily very closely to that of the industry as a whole. Unless uncontrolled production and cut-throat competition are curbed neither the oil industry in general nor any of its important components, including the Texas Corp., can reasonably expect to be prosperous. In this connection a great deal depends upon ultimate decisions on the Federal Government's efforts to regulate petroleum with a view to bringing about a return to sane and unwasteful practices. An extremely important case shortly will be decided by the United States Supreme Court on whether it is constitutional for the Government to regulate the production of crude oil within a state in order to stabilize the product in interstate business.

Should the Government be upheld, it would usher in an era of new life for the oil industry in which the Texas Corp. undoubtedly would share fully. Even should the Government lose the case, it will devise different means to attain the same end. In this event, the bringing of order out of chaos may be somewhat delayed. It is not to be supposed, however, that the objective will fail to be achieved in one way or another and, so long as this is the outlook, a great property such as the Texas Corp., ultimately should regain a large measure of its old earning power.

Loew's, Inc.

5-year net Average	Dividend	Current Yield
$6.39	$1	3.2%

AS IS brought out in an article elsewhere in this issue, the outlook for companies in the motion picture industry has much improved. In the first place there has been steady recovery from the indigestion of reckless spending, over-expansion, and inattention to primary business principles, which were so much the vogue prior to 1929. The industry is now on a healthful economy diet. In the second place, theater attendance has moved upward with the improvement in general business conditions. Finally, foreign business has been helped by the dollar's depreciation.

Loew's, Inc., as one of the most important factors in the motion picture industry, naturally will have benefited from these developments. Concrete evidence that the company's business has made the turn is to be found in the report for the twelve weeks ended November 23, 1933. In this period, the operating profit amounted to $2,732,607, compared with $1,756,815 in the corresponding previous period—equivalent respectively after taxes and depreciation, to 94 cents and 35 cents on each of the outstanding common shares.

In addition to the common stock outstanding in the amount of 1,464,205 shares, the capitalization of Loew's, Inc., consists of 138,349 shares of $6.50 preferred stock of no-par value and $4,571,939 in subsidiary preferred stock. Funded debt of parent company and subsidiaries amounts to approximately $28,700,000. In view of the number of theaters which are owned and the temptation that there must have been to follow other companies in expanding further on borrowed money, this funded debt must not only be considered reasonable in itself, but credit must be given to the management that it is so.

Yet, while Loew's avoided the reckless real estate expansion which proved such a misfortune to other companies later, it could not avoid other adverse influences of the depression and certain unfortunate indirect effects of its contemporaries' troubles. As a desirable property of established earning power, large blocks of Loew's stock were accumulated by the over ambitious. These blocks were "swapped" back and

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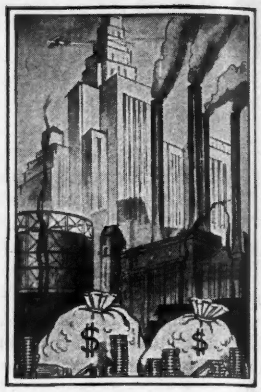
For Profit and Income



Accumulations Being Paid

The American Smelting & Refining Co. has just declared a dividend of $4.50 a share on the 7% first preferred and is evidently bent upon clearing up the accumulations on this issue as fast as possible. Following this payment, accumulations will amount to only $5.25. Last year the company earned more than $12 a share on the first preferred and there is every indication that this year's earnings will be considerably higher. Subtracting the accumulated dividends — which almost certainly will be paid off shortly—from the current price of the stock, $117, it means that one is virtually paying $112 for a strongly situated 7% issue. A yield of more than 6% on the money invested is liberal in this period of exceedingly easy money.

* * *

Automobile Prices Jump

Both General Motors and Chrysler last week raised the price of their cars, while Ford gave out a statement to the effect that higher labor and raw material costs would make no difference in the price of *his* product. This development widens the differential in favor of Ford who already was going strong, having made few changes in model for 1934 and thereby avoided the strikes and other troubles which have beset his competitors. The heaviest selling Ford models are now, on an f.o.b. basis, about $90 under Chevrolet and around $110 under Plymouth. While delivery charges alter these differentials somewhat, stockholders in the two big listed automobile companies undoubtedly are wondering how much business will be lost in favor of the manufacturer with the cheaper product. At the same time, if their companies had not raised prices, could they have made a reasonable profit on the old schedules? The situation was an awkward one for a management which must account to stockholders for its actions—damned if it did, and damned if it didn't. Though no one can say yet how the situation will work out, reports of production and car registration statements should prove now doubly interesting to the owners of automobile securities.

* * *

An Unusual Precaution

The Bangor & Aroostook took no chances that its usual annual report might be considered a prospectus in disguise and thereby come under the new National Securities Law. The report said: "This report is solely for statistical information for stockholders, and is not a representation, prospectus or circular in respect of any stock of any corporation, and is not transmitted in connection with any sale or offer to sell or buy any stock or security now or hereafter to be issued, or with any preliminary negotiation for such sale." Though this statement be considered a somewhat far-fetched precaution, it must be considered a measure of the disquiet aroused by the Securities Law in legitimate business. Bangor & Aroostook has come through the depression much better than most. Last year the road earned the equivalent of $5.29 a common share, compared with $3.22 a share of 1932. In view of the latest earnings, it would seem that the company possibly might consider paying more than the $2.50 dividend currently distributed.

* * *

Utilities Hit Again

The Pennsylvania Utility Control Board has just announced that it will consider 6% on the value of their properties as the maximum that public utility companies in that state will be permitted to earn. Previously 7% was considered a fair return. This decision, if vigorously enforced and sustained by the courts, will be unfortunate to stockholder owners of public utility companies operating in Pennsylvania and may prove a precedent for similar action in other states. It will be realized, of course, that the difference between 7% and 6% on valuation means a great deal more to the stockholder than appears on the surface because of the leverage factor. It would wipe out, or almost wipe out, the earnings on the common stock of many sound companies which now are considered to be reasonably "fat" equities.

In another state the utilities were struck a further blow. The Wisconsin Public Service Commission refused to admit that the Wisconsin Power & Light Co. had been damaged by virtue of the fact that it was left with a "dangling" transmission line when a municipality took over a distributing system. While the matter is still to be settled in the courts, and though it be decided favorably to the utility, there seems to be a big waste somewhere when an integrated utility system can be sliced up into more-or-less impotent particles.

* * *

A Silver Road

According to a survey of Western business issued by the Bank of America, Pacific Coast branch, recent improvement in the silver mining industry has resulted in reopening of extensive operations in Colorado, Texas and Nevada. Optimism prevails in the silver mining industry and for the first time in years Western smelters report sufficient work in progress to justify continued operations for an indefinite period. Since the Presidential proclamation concerning silver prices has a prospective life of four years, prolonged activity in this industry is indicated. A considerable portion of this silver mining territory is served by the Colorado & Southern, which is controlled by the Chicago, Burlington & Quincy through ownership of a majority of the stock. Average earnings of the Colorado & Southern for the period 1918-1932 inclusive,

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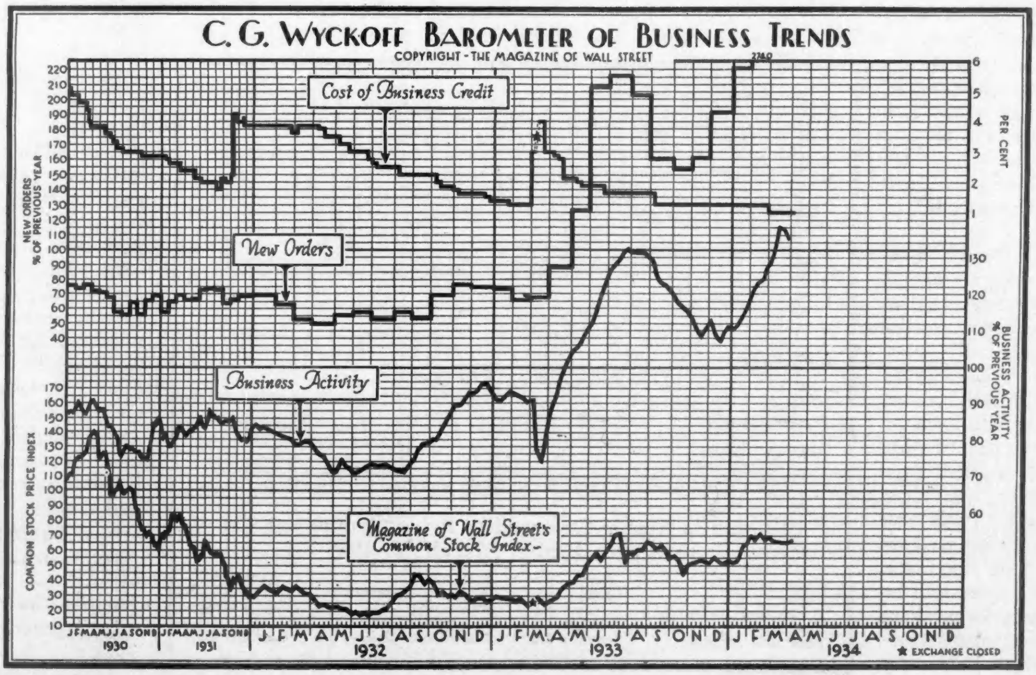
Taking the Pulse of Business

—Steel Prices Marked Up
—Expanding Use of Nickel
—Oil Output Again Excessive
—Railroad Revenues Increase
—Motor Output at New High

NEWS developments during the past fortnight have been of an almost uniformly constructive character, and recent recovery in the Common Stock Index mirrors a considerable rebound in business sentiment which had been somewhat discouraged during the past two months by the drastic provisions of pending legislation. Present indications, however, point to some toning down of the personal liability provisions of the National Securities Act, and to modification or elimination of certain objectionable sections of the proposed bill to regulate the exchanges. President Roosevelt's basis for settling labor disputes in the automobile industry has been hailed as a permanent way out of the dangerously controversial differences between the advocates of company unions and the leaders of organized craft labor.

Except for the probably temporary slackening in steel mill operations brought about by threatened labor trouble in the automobile industry, there are as yet no signs of abatement in the rate at which business conditions have been improving. It was, of course, to have been expected that our business activity index should have begun to recede after passing the anniversary of the lowest point reached on the depression; for comparisons during the next few months will be with a period last year when production and trade were recovering rapidly from the shock of bank closings; but the physical volume of business, expressed in terms of normal, continues to advance, and has now risen to around 79%, which is two points higher than the temporary peak reached early in July. Improvement this year, thanks to the P W A, has been at a much more rapid rate in the capital goods industries than in consumption goods; though activity in the former is still much lower than in the latter. According to findings of the Federal Reserve Board it appears, indeed, that output of the heavy manufacturing industries during January and February was 55% lower than during the first two months of 1929, whereas the volume of non-durable goods was off only 15%. This suffices to explain to a large extent why business profits are in most instances far below normal, and why close to 10,000,000 workers are still unemployed.

In view of the sharp rise in our Business Activity index up to two weeks ago it is not surprising to find that the latest point on the New Orders graph makes a more favorable comparison with the previous year than for any month on record. This, however, is due entirely to the circumstance that the volume of incoming business fell off sharply at this time last year. In terms of normal, New Orders for the latest month for which reports are available averaged 48.7%, which was fractionally lower than for the preceding month. Since this graph normally reaches its peak a month earlier than the Business Activity index, which has already turned downward, it is quite possible that comparisons henceforth with the previous year will be less favorable. If so, the drop next month will be in lines other than new construction, where contracts for the first half of March were 55% larger than for the entire month of March last year.



March in the merchandising field made a gratifying showing—especially among the mail-order houses where dollar sales were nearly 60% better than last year, and in the wholesale lines which report a 45% increase. On the other hand, cash income received by farmers during February was, for seasonal reasons, $71,000,000 less than in January; but $159,000,000 ahead of last February, thanks partly to processing tax receipts of $28,000,000.

In view of the extremely Low Cost of Business Credit, it is quite possible that suitable revision of the National Securities Act might start genuine improvement in the capital goods industries.

The Trend of Major Industries

STEEL—Recession to 44.5% in the steel ingot rate is believed to have been only a temporary lull in the seasonal expansion, which was occasioned by slackening in orders from automobile plants prior to settlement by President Roosevelt of the threatened strike. There has been no evident drop in demand for cars on the part of ultimate purchasers, and a fresh influx of orders for steel is thus looked for which, along with demands for railroad, structural and miscellaneous steel, may force the operating rate up to 60% before the summer slack season sets in. Another incentive for placing orders immediately is the announced advance of $3 to $9 in finished steel products following the recent increase of 10% in wages, which is expected to add $40,000,000 annually to the industry's payroll disbursements. It is doubtful if the larger operating units can more than earn fixed charges during the first half of the present year, though some of the smaller and favorably situated independents may make a better showing.

METALS—Passage by Congress over the President's veto of the bill to increase disbursements to veterans and Federal employees suggests the possibility that something of a more inflationary character may yet be done for silver. If so, the white metal may prove to have been undervalued at its current price of around 46 cents. The new copper code, if adopted, may indirectly serve to raise the price of this red metal above the current level of 8 cents domestic and 8¼ cents delivered at European ports. Demand for nickel is still expanding rapidly, and profits of that Canadian industry continue to rise. Tin has advanced to 56 cents, a new high on the recovery. Zinc and lead remain dull.

PETROLEUM—Crude output during the past fortnight has continued to expand moderately and is now at an average daily rate 58,000 barrels above the Federal allowable. All but a few of the states with small production are exceeding their quotas, and unless something is done before long to check the flood, there will be an inevitable weakening of the price structure. Meanwhile, most producers and refiners are enjoying fair profits, especially as compared with the huge deficits of a year ago.

RAILROADS—Net operating income of Class I railroads in February amounted to about $29,000,000, compared with less than $10,000,000 in February, 1933, an increase of over 190%. Gross revenues rose about 17%. In January, 23 roads covered their fixed charges. Improvement should continue unless checked by extensive increases in labor costs.

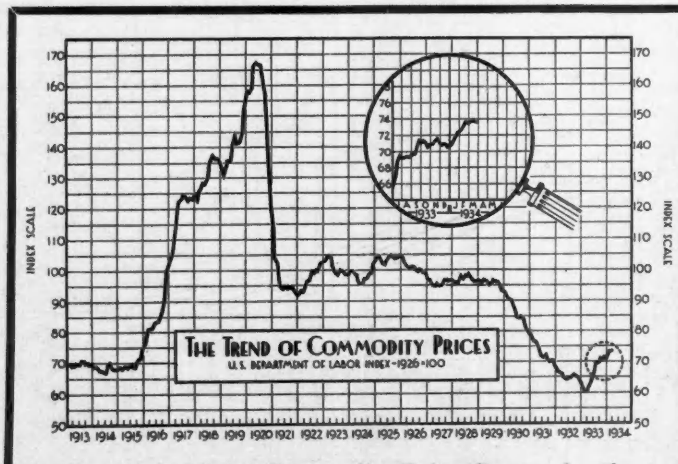
AUTOMOBILES—Automobile production in the U. S. for March is estimated at 310,000 units, compared with 235,000 in February and 118,000 in March of 1933. This would bring the first quarter's production up to 706,000 units, against only 355,000 during the first quarter of last year. To compensate for the recently announced advance in prices to be paid for steel, and for the 10% wage increase, f. o. b. prices of cars for second quarter delivery are being advanced by most of the manufacturers who are signatories to the code. Earnings of leading producers for the first six months promise to make a gratifying showing.

TOBACCO—Cigarette sales in March are believed to have continued the favorable trend of the preceding two months; but higher wages and the rising cost of leaf and other material is necessarily eating into profits.

BISCUIT—Producers who market packaged biscuit at fixed prices find their profits receding with rising costs for labor, flour, and other material; since sales volume is not expanding fast enough to offset the higher cost of production. The larger units are also being harrassed by price cutting on the part of smaller producers who can market their products locally without expensive advertising.

Conclusion

Following an advance in our New Orders graph to a new all-time high, the physical volume of production, distribution and trade has expanded to a new high level on the recovery. Some hesitation, however, has been evidenced in the Common Stock Index during the past two months, owing to the unsatisfactory character of laws adapted and pending which tend to obstruct the free flow of investment capital into new enterprises. Amelioration of such restrictions would probably uncover a long pent up demand for capital goods, and thereby accelerate the improvement in general business conditions. Once a demand for credit is released, there are possibilities of an enormous inflation in bank deposit currency; and the Government is wisely grasping the present opportunity to convert a billion of the Fourth Liberty bonds into a new issue of 3¼s.

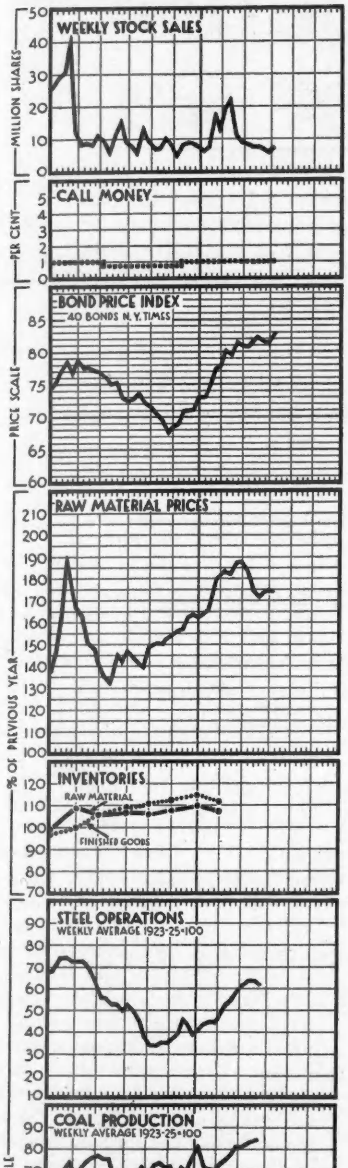


Changes in Major Commodity Price Groups for the Fortnight Ended March 31, 1934

Farm products	down 0.6	Metals	down 0.1
Foods	down 1.2	Building materials	up 0.1
Hides and leather	up 0.6	Chemicals	no change
Textiles	down 0.2	Housefurnishings	up 0.1
Fuel and lighting	down 0.2	Miscellaneous	up 0.1

The Magazine of Wall Street's Indicators

Business Indexes



Common Stock Price Index

1933 Indexes High	Low	Close	Number of Issues	COMBINED AVERAGE (1925 Close—100)	1934 Indexes High	Low	Mar. 24	Mar. 31	Apr. 7
71.3	22.7	52.9	312		71.2	51.8	65.6	65.5	66.9
116.0	26.8	68.6	5	Agricultural Implements	105.7	64.8	87.7	85.5	87.0
37.8	7.3	27.1	5	Amusements	42.3	25.7	37.6	38.1	39.2
50.9	12.4	41.3	14	Automobile Accessories	58.9	39.6	55.0	54.8	54.6
22.7	7.2	18.0	13	Automobiles	24.9	18.0	23.5	23.5	23.1
102.9	41.8	61.6	5	Aviation (1927 Cl.-100)	92.5	61.6	82.7	81.2	80.3
26.5	5.1	12.2	4	Baking (1926 Cl.-100)	17.4	12.0	14.7	14.5	14.8
157.5	79.9	145.6	2	Biscuit	150.0	130.5	139.0	140.7	140.0
357.1	86.8	207.0	3	Bot. & Cks. ('32 Cl.-100)	240.9	198.2	210.4	207.2	212.8
128.8	39.8	107.6	5	Business Machines	136.0	102.0	128.1	126.0	127.5
191.1	92.9	189.1	2	Cans	204.3	184.5	191.0	194.0	199.3
238.2	71.5	193.6	8	Chemicals	210.5	186.3	188.8	186.7	190.5
34.8	11.3	28.0	16	Construction	37.2	27.0	32.7	32.0	33.2
81.0	20.3	54.9	6	Copper	70.1	53.1	59.4	62.5	66.6
47.7	23.0	25.7	2	Dairy Products	33.9	25.7	30.3	31.3	31.2
27.3	6.6	19.6	8	Department Stores	26.8	19.2	25.3	24.8	24.6
89.0	45.3	57.0	9	Drugs & Toilet Articles	84.0	57.0	78.6	77.6	80.2
104.0	35.6	75.4	4	Electric Apparatus	91.3	73.2	80.5	80.6	81.0
104.6	33.2	103.8	2	Finance Companies	162.3	103.8	161.3	159.4	161.9
75.2	32.6	52.0	5	Food Brands	64.0	51.1	58.6	57.8	61.4
77.5	40.5	58.6	4	Food Stores	69.3	57.2	65.8	65.8	68.8
1365.0	481.2	1180.8	3	Gold Mining	1325.0	1125.0	1229.5	1325.0	1283.0
30.3	10.5	26.0	5	Household Equipment	34.6	25.1	33.8	34.6h	34.2
38.0	14.5	23.1	6	Investment Trusts	31.8	22.2	27.3	27.0	27.9
360.0	85.0	244.6	2	Liquor (1932 Cl.-100)	283.2	232.0	283.2	278.0	295.5
47.4	13.5	39.4	2	Mail Order	53.4	37.7	50.8	50.3	50.8
120.3	21.9	57.2	3	Meat Packing	88.1	57.2	76.0	78.2	88.1
136.4	30.1	132.6	11	Metal Mining & Smelting	160.1	126.6	147.2	156.7	157.9
83.4	29.3	66.0	25	Petroleum	86.8	66.0	80.3	79.8	83.1
30.2	6.7	15.3	3	Phonos. & Radio (1927-100)	24.5	15.2	22.8	22.7	22.3
104.0	40.8	49.0	20	Public Utilities	72.8	47.2	64.9	62.8	63.4
69.4	17.7	53.4	8	Railroad Equipment	66.2	51.8	61.2	61.8	62.3
63.0	16.3	34.5	30	Railroads	52.0	34.0	45.9	46.8	48.1
44.3	6.2	30.0	3	Shipbuilding	50.2	29.4	49.0	49.9	47.8
148.6	57.8	126.7	2	Soft Drinks (1926 Cl.-100)	141.6	123.0	134.7	134.5	141.6
69.1	19.1	51.8	11	Steel & Iron	77.0	51.6	65.9	67.0	66.4
29.5	7.3	21.3	5	Sugar	30.8	20.5	25.6	26.6	27.5
216.5	79.3	200.8	2	Sulphur	214.0	185.8	185.8	191.1	197.5
82.3	28.1	61.4	3	Telephone & Telegraph	70.3	61.4	63.6	64.2	64.6
82.2	22.5	49.1	8	Textiles	65.8	48.8	60.7	58.5	61.3
15.1	3.0	11.0	5	Tires & Rubber	14.6	10.4	13.3	13.0	13.3
90.2	46.2	69.4	4	Tobacco	77.6	66.5	70.2	70.6	73.0
57.2	22.3	57.2	3	Traction	57.2	46.0	47.8	46.0	47.5
52.9	23.3	43.6	3	Variety Stores	117.1	43.6	89.6	84.3	94.0

h—New HIGH since 1931.

(An unweighted index of weekly closing prices; compensated for stock dividends, splitups, and rights; and covering about 90% of the value of transactions in all Common Stocks listed on the New York Stock Exchange.)

Answers to Inquiries

The Personal Service Department of THE MAGAZINE OF WALL STREET will answer by mail or telegram, a reasonable number of inquiries on any listed securities in which you may be interested, or on the standing and reliability of your broker. This service in conjunction with your subscription should represent thousands of dollars in value to you. It is subject only to the following conditions:

1. Give all necessary facts, but be brief.
2. Confine your request to *three listed securities.*
3. No inquiry will be answered which does not enclose *stamped, self-addressed envelope.*
4. If not now a paid subscriber, use coupon elsewhere in this issue and send check at same time you transmit your first inquiry.

Special rates upon request for those requiring additional service.

NATIONAL DISTILLERS PRODUCTS CORP.

I have 200 shares of National Distillers bought at 22⅞. A friend informs me that there is considerable agitation throughout the country for lower prices, and I am concerned about the earnings outlook for the company. Please advise me whether to take my profit or continue to hold.—L. L. M., Chicago, Ill.

That National Distillers Products Corp. was geared to profit substantially from repeal of the 18th Amendment is attested by the company's report for 1933. For that year, net income of $6,086,906, equivalent to $3.23 a share on the capital stock, compared with $522,179 for 1932. Obviously, the greater part of last year's earnings was obtained in the final quarter, reflecting the flood of orders received by the company for legalized liquor. It is of interest to note that the earnings report for 1933 did not include proportionate earnings from the then 50% owned Penn-Maryland, Inc., or from its 60% interest in Alex B. Shaw, Inc. Through an exchange of stock, the company has since acquired from the U. S. Industrial Alcohol Co. an additional 50% stock interest in Penn-Maryland, Inc., making that company now a wholly owned subsidiary. Its trade position has been further strengthened by the recent formation of National Canadian Distillers, Inc., which company National Distillers and Canadian Industrial Alcohol control jointly. The new company has contracted for some 7,000,000 gallons of American type whiskies owned by Canadian Industrial Alcohol. This huge supply of mature whisky, together with that already held, assures the subject company of a favorable competitive position in the blended liquor field. While admittedly, National Distillers' earnings immediately following repeal of the 18th Amendment cannot be taken as a criterion for future results since competition will undoubtedly become increasingly keen with consequent price reductions, its leading trade position would appear to assure satisfactory profits over the longer term. Thus, we can see no need to disturb your holdings at prevailing reasonable quotations.

WESTERN UNION TELEGRAPH CO.

While you have undoubtedly answered similar inquiries, I would like to ask your views on Western Union. What do you think of the early prospects for its common stock? Would you advise me to hold 100 shares on which I have a 7-point loss?—G. B., Washington, D. C.

The report of Western Union Telegraph Co. for 1933 clearly revealed the extent to which its earnings are influenced by general economic conditions. The business revival which took place after the initial quarter of last year, together with operating economies, permitted the company to show earnings for the full year of $4,364,882, equivalent to $4.17 a share on the capital stock. This was in marked contrast with the deficit of $842,595 for 1932. Financial condition according to the balance sheet dated December 31, 1933, was satisfactory, with total current assets of $26,585,619, comparing with current liabilities of $11,422,023. Cash increased some $3,000,000 to $8,929,833, while current debt was reduced $1,300,328. A short time ago, it was announced that an agreement had been reached between this company and Railway Express Agency, Inc., whereby each will accept business for the other. This should result in additional business for Western Union, while it is certainly helpful to householders desiring to send packages by express. Should the recommendations of the special committee of the Department of Commerce be carried out, it is probable that the subject company would be permitted to merge with Postal, thus eliminating duplication of facilities and permitting substantial operating economies. Assuming that general business conditions will improve further during the current year, as is indicated, the earnings outlook for Western Union cannot be regarded as other than favorable. On

(Please turn to page 685)

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Dividends & Interest

COLUMBIA GAS & ELECTRIC CORPORATION

April 5, 1934

THE Board of Directors has declared this day the following quarterly dividends:

Cumulative 6% Preferred Stock, Series A
No. 30, $1.50 per share

Cumulative Preferred Stock, 5% Series
No. 20, $1.25 per share

Convertible 5% Cumulative Preference Stock
No. 9, $1.25 per share

Common Stock (no par value)
No. 30, 1/800 of one share of Convertible 5% Cumulative Preference Stock (i. e., 12½¢ in par value thereof) on each share of Common Stock

payable on May 15, 1934, to holders of record at close of business April 20, 1934.

EDWARD REYNOLDS, JR.,
Executive Vice-President & Secretary

LOEW'S INCORPORATED

"THEATRES EVERYWHERE"

April 6th, 1934.

THE Board of Directors has declared a quarterly dividend of $1.62½ per share on the outstanding $6.50 Cumulative Preferred Stock of this Company, payable on the 15th day of May, 1934 to stockholders of record at the close of business the 28th day of April, 1934. Checks will be mailed.

DAVID BERNSTEIN
Vice President & Treasurer

New York Stock Exchange

Rails

	1932 High	1932 Low	1933 High	1933 Low	1934 High	1934 Low	Last Sale 4/4/34	Div'd $ Per Share
A								
Atchison	94	17⅞	80⅛	34⅝	73¾	54	67⅛	..
Atlantic Coast Line	44	9¾	59	16½	54¼	39	47⅞	..
B								
Baltimore & Ohio	21⅝	3¾	37⅞	8¼	34½	22¼	29⅞	..
Bangor & Aroostook	35¾	9½	41¾	20	46⅛	39½	43½	2½
Brooklyn-Manhattan Transit	50¼	11⅛	41¼	21¾	36¼	28¼	30½	..
C								
Canadian Pacific	20⅝	7¼	20⅞	7½	18¼	12¾	17¼	..
Chesapeake & Ohio	31½	9¾	49¼	24⅝	46⅝	39½	46⅛	2.80
C. M. & St. Paul & Pacific	4½	¾	11¾	1	8½	4¼	6⅞	..
Chicago & Northwestern	14½	2	16	1¼	15	6⅝	13⅛	..
Chicago, Rock Is. & Pacific	16⅝	1½	10⅛	2	6¼	2¾	5	..
D								
Delaware & Hudson	92½	32	93¾	37⅝	73½	53	65¼	..
Delaware, Lack. & Western	45⅞	8½	46	17¼	33¾	22½	28	..
E								
Erie R. R.	11¾	2	25¾	3¾	24⅞	13⅞	21½	..
G								
Great Northern Pfd.	25	5½	33¾	4⅝	32½	18⅝	28⅛	..
H								
Hudson & Manhattan	30¾	8	19	6½	12⅛	7½	9¼	..
I								
Illinois Central	24⅞	4¾	50¾	8½	38⅞	28½	32⅛	..
Interborough Rapid Transit	14⅝	2¼	13¾	4⅛	13¾	7⅞	8¾	..
K								
Kansas City Southern	15¼	2¼	24⅞	6½	19¼	11	16	..
L								
Lehigh Valley	29¼	5	27¾	8⅝	21¼	13	18⅝	..
Louisville & Nashville	38¼	7½	67½	21¼	61⅛	48¼	57	1½
M								
Mo., Kansas & Texas	13	1¼	17⅛	5¾	14⅞	8	12	..
Missouri Pacific	11	1½	10¼	1⅛	6	3	5	..
N								
New York Central	36⅝	8¾	58½	14	45¼	31½	36⅛	..
N. Y., Chic. & St. Louis	9¾	1½	27⅝	2⅛	25¾	15	21½	..
N. Y., N. H. & Hartford	31⅝	6	34⅞	11⅛	24⅛	14¼	19⅛	..
N. Y., Ontario & Western	15¾	3⅝	15	7½	11⅝	8	10	..
Norfolk & Western	135	57	177	111½	181	161	175	*10
Northern Pacific	25⅜	5½	34⅞	9⅝	35⅛	21⅛	32⅛	..
P								
Pennsylvania	23⅜	6½	42¼	13¾	39⅛	29¼	35	½
Pere Marquette	18	1¾	37	3⅞	33	16½	27½	..
R								
Reading	52¼	9½	62½	23½	56⅜	43	50¼	1
S								
St. Louis-San Fran.	6⅝	⅝	9	⅞	4⅝	2⅜	4½	..
Southern Pacific	37⅝	6½	38¾	11⅛	33¾	18½	28	..
Southern Railway	18½	2½	36	4⅛	36	23¾	32	..
T								
Texas & Pacific	35	13	43	15	43¼	18⅝	33½	..
U								
Union Pacific	94½	27⅝	132	61¼	133	110½	129½	6
W								
Western Maryland	11⅜	1½	16	4	17¼	8¾	15	..
Western Pacific	4¾	½	9½	1	8½	2¾	6¾	..

Industrials and Miscellaneous

	1932 High	1932 Low	1933 High	1933 Low	1934 High	1934 Low	Last Sale 4/4/34	Div'd $ Per Share
A								
Adams Express	9½	1⅝	13¼	3	11⅞	6⅝	10	..
Air Reduction, Inc	63½	30⅞	112	47½	106¼	93¾	97½	3
Alaska Juneau	16⅝	7¾	33	11½	23⅞	19¼	21¾	*.75
Alleghany Corp	3⅝	⅜	8¼	⅞	5¼	2¾	3¼	..
Allied Chemical & Dye	38¼	42½	152	70¾	160¾	144	151¾	6
Allis Chalmers Mfg	15⅜	4	26¾	6	23⅜	16½	19½	..
Amer. Brake Shoe & Fdy	17⅞	6½	42½	9⅛	38	28	32½	.80
American Can	73⅞	29⅝	100½	49½	107¾	94⅛	101¼	4
Amer. Car & Fdy	17	3⅛	39¾	6⅛	33⅞	23¼	28½	..
Amer. Com'l Alcohol	27	11	89⅞	13	62½	47	49¾	..
American & Foreign Power	15	2	19⅝	3⅞	13¾	7¾	10	..
Amer. International Corp	12	2½	15⅛	4¼	11	6½	9	..
Amer. Mach. & Fdry	22¼	7½	22⅜	8¾	19¾	13	16	.80
Amer. Power & Light	17¼	3	19⅞	4	12¼	5⅞	8¾	..
Amer. Radiator & S. S.	12¼	3⅛	19	4⅝	17⅝	13¾	15½	..
Amer. Rolling Mill	18½	3	31⅞	5¾	28¼	17½	24	..
Amer. Smelting & Refining	27¼	5⅛	53½	10¾	51¼	40¼	45	..
Amer. Steel Foundries	15⅛	3	27	4⅝	26½	19	22	..
Amer. Sugar Refining	39¼	13	74	21½	61	46	54	2
Amer. Tel. & Tel.	137⅜	70¼	134¾	86½	125¼	107¾	120⅛	9
Amer. Tobacco Com	86¾	40½	90½	49	82⅜	65¼	68	5
Amer. Tob. B	89¾	44	94¾	50¾	84½	67	69¾	5
Amer. Water Works & Elec	34½	11	43¼	10⅞	27⅝	16¾	20¾	1
Amer. Woolen	10	1⅝	17	3½	17⅛	11⅜	14½	..
do Pfd.	39⅞	15½	67½	22⅝	83¾	61⅝	74	1¼
Anaconda Copper Mining	19⅜	3	22⅞	5	17⅝	13½	15¾	..
Armour Ill. A	2⅝	⅝	7¾	1½	6⅞	4¼	6¾	..
do B	2	⅜	5	¾	3⅜	2¼	3⅜	..
Atlantic Refining	21⅞	8⅝	32½	13⅜	35¼	28¼	31⅛	1
Auburn Auto	151¾	28¾	84¼	31	57⅜	47¾	53½	2
Aviation Corp. Del.	8⅞	1½	16¾	5½	10¾	5⅜	9¼	..
B								
Baldwin Loco. Works	13	2	17⅝	3⅛	16	11	14½	..
Barnsdall Corp.	7	3⅝	11	3	10	7⅝	8⅝	..
Beatrice Creamery	42½	10½	27	7	18	10⅝	14¾	..
Beech-Nut Packing	48¾	29¾	70½	45	62½	59	62	3

Price Range of Active Stocks

Industrials and Miscellaneous *(Continued)*

	1932 High	1932 Low	1933 High	1933 Low	1934 High	1934 Low	Last Sale 4/4/34	Div'd $ Per Share
B								
Bendix Aviation	18¾	4½	21¼	6⅛	23⅞	16⅛	19⅞	..
Best & Co.	24⅞	5¾	33½	9	33¾	26½	33½	1
Bethlehem Steel Corp	29⅝	7¼	49¼	10⅛	49½	34¾	43	..
Bohn Aluminum	22¼	4⅞	58½	9½	68¾	55	63½	3
Borden Company	43⅛	20	37⅜	18	27½	19⅞	23	1.60
Borg Warner	14¼	3⅜	22¼	5½	28⅝	20¾	26	1
Briggs Mfg.	11¾	2⅞	14⅝	2⅝	18⅛	12	17⅛	1
Burroughs Adding Machine	13¼	6¼	20⅞	6½	19⅜	14¾	16½	.40
Byers & Co. (A. M.)	24⅝	7	43¼	8½	32¾	21⅞	27¼	..
C								
Canada Dry Ginger Ale	15	6	41¼	7½	29⅛	24¼	27⅞	1
Case, J. L.	65¾	16¾	103½	30½	86¾	65⅛	73½	..
Caterpillar Tractor	15	4⅜	29¾	5½	32⅜	23½	32	.50
Celanese Corp	12⅝	1¼	58⅞	4½	44⅞	33⅞	37⅝	..
Cerro de Pasco Copper	15½	3½	44¾	5⅞	40¼	31¼	36¾	.50
Chesapeake Corp	20¾	4⅞	52½	14⅞	46	34	43	2½
Chrysler Corp	21¾	5	57⅝	7¾	60⅜	49⅛	55½	1
Coca-Cola Co	120	68½	105	73½	109½	95¼	109½	6
Colgate-Palmolive-Peet	31½	10¼	22⅜	7	18⅛	9⅜	16½	..
Columbian Carbon	41⅞	13½	71¼	23⅛	71	58	69	*2¼
Colum. Gas & Elec	21	4¼	28⅛	9	19¼	11⅛	15¼	§.50
Commercial Credit	11	3⅞	19¼	4	32½	18⅝	32¼	1
Comm. Inv. Trust	27⅞	10⅞	43½	18	57⅜	35¾	56⅛	2
Commercial Solvents	13¾	3½	57¼	9	36¾	26	29⅛	.60
Commonwealth & Southern	5⅛	1⅝	6⅛	1¼	3¾	1¾	2½	..
Congoleum-Nairn	12¼	6½	27⅝	7⅜	31¼	23	28⅝	1.30
Consolidated Gas of N. Y.	68¾	31½	64⅛	34	47⅜	35⅝	37⅜	3
Consol. Oil	9	4	15¾	5	14¼	9⅜	12¾	.28
Continental Baking Cl. A	8	2⅞	18¼	3	14⅝	7	11⅜	..
Continental Can, Inc.	41	17⅝	78⅜	35¼	81½	75	79¼	2½
Continental Insurance	25¼	6¾	36½	10½	34⅞	23⅜	32⅜	1.20
Continental Oil	9⅜	3⅝	19⅝	4⅞	20¾	16½	20¼	.25
Corn Products Refining	55⅜	24¾	90⅝	45⅜	84½	69¼	75½	3
Crown Cork & Seal	23⅞	7⅞	65	14¼	36¼	28½	30¼	..
Cudahy Packing	35½	20	59½	20¾	50¾	37	47	2½
Curtis Wright, Common	3¼	⅞	4⅜	1½	5¼	2½	4⅜	..
D								
Diamond Match	19⅛	12	29½	17½	28½	23	24	1
Dome Mines	12⅞	7½	39½	12	40⅞	32	39¾	*1½
Dominion Stores	18½	11¼	26⅜	10½	23	19	22	1.20
Douglas Aircraft	18⅝	5	18¼	10⅛	28½	14¼	25⅛	..
Du Pont de Nemours	59¾	22	96⅜	32⅛	103⅞	90⅝	98¼	2
E								
Eastman Kodak Co	87⅞	35¼	89¾	46	93¾	79	89	3
Electric Auto Lite	32¾	8½	27½	10	31⅜	18⅛	28½	..
Elec. Power & Light	16	2¾	15⅜	3⅛	9⅝	4½	7	..
Electric Storage Battery	33¼	12⅝	54	21	52	44	47½	2
Endicott-Johnson Corp	37¼	16	62⅞	26	63	51⅜	56	3
F								
Firestone Tire & Rubber	18⅞	10½	31½	9⅛	25¼	18	21¾	.40
First National Stores	54½	35	70¾	43	61¾	54¼	61¼	2½
Fox Film. Cl. A	5⅞	1	19	12	17⅜	12¼	15⅝	..
Freeport Texas Co	28⅝	10	49⅜	16⅛	50⅜	40¾	45¼	2
G								
General Amer. Transpt	35¾	9½	43¼	13¾	43⅝	33⅛	39⅞	1
General Asphalt	15½	4¾	27	4⅝	21¾	15⅛	20	..
General Baking	19⅝	10½	20⅞	10½	14⅜	11	11¾	1
General Electric	26⅛	8½	30¼	10½	25¼	18½	22⅜	.60
General Foods	40½	19⅝	39⅞	21	36⅞	32⅝	34½	1.80
General Mills	48½	28	71	35½	64⅛	53⅞	58¼	3
General Motors Corp	24⅝	7⅝	35¾	10	42	33½	38⅞	1
General Railway Signal	28⅝	6⅛	49½	13¼	45¾	33	43	1
General Refractories	15⅜	1¾	19¾	2½	23⅜	10⅛	18⅜	..
Gillette Safety Razor	24¼	10⅜	20¼	7⅝	12½	8½	11	1
Gold Dust Corp	20⅝	8¼	27⅜	12	22⅝	16¾	21½	1.20
Goodrich Co. (B. F.)	12⅜	2¼	21½	3	18	12⅝	16¼	..
Goodyear Tire & Rubber	29¾	5½	47½	9¼	41⅜	33⅝	35½	..
Great Western Sugar	12	3¼	41⅞	7	34⅞	25⅞	29¾	2.40
H								
Houston Oil of Texas (New)	5⅜	1⅝	7⅜	1⅞	5½	3½	5¼	..
Hudson Motor Car	11¾	2⅞	16⅜	3	24½	13⅜	22	..
Hupp Motor Car	5⅜	1½	7¾	1⅝	7¼	4	5⅞	..
I								
Ingersoll-Rand	44⅞	14¾	78	19⅛	73¾	59½	67	1½
Inter. Business Machines	117	52½	153¼	75¾	149¼	132	133	6
Inter. Cement	18¾	3⅝	40	6⅛	37¾	28½	29	..
Inter. Harvester	34⅛	10⅜	46	13⅝	46⅞	37⅜	42	.60
Inter. Nickel	12½	3½	23¼	6¾	28½	21	27¾	.10
International Shoe	44⅜	20¼	56⅜	24⅜	50⅜	43	45	2
Inter. Tel. & Tel.	15¾	2⅝	21¾	5⅛	17¾	13½	15⅛	..
J								
Johns-Manville	33⅜	10	63½	12¼	66⅜	52⅛	58	..
K								
Kelvinator	10⅜	2¾	15⅝	3⅛	21¼	11⅞	19⅞	.50
Kennecott Copper	19¼	4⅞	26	7⅜	22	17¾	20½	..
Kresge (S. S.)	19	6⅝	16⅞	5½	22¾	13⅜	20¼	.80
Kroger Grocery & Baking	18⅞	10	35⅝	14½	32⅞	23¼	32¼	*1½
L								
Lambert Co	56¾	25	41⅛	19⅜	31⅝	22¼	27	3
Lehman Corp	51⅞	30½	79⅜	37½	78	65½	73¼	2.40
Libbey-Owens-Ford	9⅜	3¾	37⅜	4¾	43⅞	34¼	38	1.20
Liggett & Myers Tob. B	67¼	24⅛	99⅜	49¼	94¾	74½	90½	*5
Liquid Carbonic	22	9	50	10¼	33⅜	26½	28¾	*1¼
Loew's, Inc.	37¾	13¼	36½	8½	34⅜	25¾	32¾	1
Loose Wiles Biscuit	36⅜	16½	44⅜	19¼	44¾	38½	42	2
Lorillard	18⅜	9	25¼	10⅜	19⅛	15¾	17¼	1.20

New York Stock Exchange Price Range of Active Stocks

Industrials and Miscellaneous *(Continued)*

	1932 High	1932 Low	1933 High	1933 Low	1934 High	1934 Low	Last Sale 4/4/34	Div'd $ Per Share
M								
Mack Truck, Inc.	28¾	10	46⅜	13½	41¾	30¾	34¼	1
Macy (R. H.)	60½	17	65¾	24¼	62⅛	48	48⅝	2
Marine Midland	14⅜	6½	11½	5	9	5¾	7½	.40
Mathieson Alkali	20⅞	9	46⅝	14	40¾	32¼	34¾	1½
May Dept. Stores	20	9½	33	9¾	42¼	30	42	1.60
McIntyre, Porc M.	21⅝	13	48⅜	18	50¼	38½	48¾	*1¼
McKeesport Tin Plate	62¼	28	95¾	44⅛	94¼	83⅛	90½	4
Mont. Ward & Co.	16½	3½	28⅞	8⅝	35⅝	21¼	32⅛	..
N								
Nash Motor Co	19¾	8	27	11⅛	32¼	23	26½	1
National Biscuit	46⅞	20¼	60⅝	31½	49½	39⅞	42⅞	2.80
National Cash Register A	18¾	6¼	23⅝	5⅛	23⅝	16½	19⅜	..
National Dairy Prod	31⅜	14⅜	25¾	10½	17½	13	15⅞	1.20
National Distillers	27¼	13	35¼	20⅞	31⅝	23¼	28¾	..
National Power & Light	20⅜	6⅝	20½	6⅞	15½	8½	11¼	.80
National Steel	33⅞	13½	55⅛	15	58¼	45	48½	1
North Amer. Aviation	6⅝	1¼	9	4	8¾	4⅛	6⅛	..
North American Co	43¼	13¾	36½	12½	25¼	13⅜	18¼	.50
O								
Ohio Oil	11	5	17⅝	4¾	15⅞	12⅝	14	..
Otis Elevator	22½	9	25¼	10⅛	19⅜	14¾	16⅜	.60
Otis Steel	9¼	1¼	9¼	½	8	4⅛	6⅝	..
Owens Ill. Glass	42¼	12	96¾	31½	94	78¼	85½	3
P								
Pacific Gas & Electric	37	16⅞	31⅞	15	23½	15½	19¾	1½
Pacific Lighting	47½	20¾	43⅜	22	37	23½	34⅞	3
Packard Motor Car	5¼	1½	6⅞	1¾	6⅝	3⅞	5¾	..
Paramount Publix	11½	1½	2½	⅛	5⅞	1¾	5¾	..
Penney (J. C.)	34½	13	56	19¼	67⅞	51½	65	2.20
Peoples Gas—Chicago	121	39	78	25	43⅞	27	37½	..
Phelps Dodge Corp	11⅝	3⅞	18⅞	4½	18¾	14⅝	17⅜	.25
Phillips Petroleum	8⅛	2	18¾	4¾	19¾	15⅛	19¾	.50
Procter & Gamble	42¾	19⅞	47½	19⅝	41¼	34	36	1½
Public Service of N. J.	60	28	57⅛	32⅝	45	34	37¼	2.80
Pullman, Inc.	28	10½	58⅛	18	59⅜	50¼	54½	3
Pure Oil	6½	2⅞	15⅜	2½	14⅞	10⅛	13⅛	..
Purity Bakeries	15⅞	4⅜	25⅜	5⅞	19¾	12¼	16½	1
R								
Radio Corp. of America	13½	2½	12¼	3	9⅛	6½	7⅞	..
Radio-Keith-Orpheum	7¾	1½	5¾	1	4¼	2¼	3½	..
Remington-Rand	7½	1	11¼	2½	13⅜	6⅜	12⅜	..
Republic Steel	13⅞	1⅞	23	4	25¾	16	21⅞	..
Reynolds (R. J.) Tob. Cl. B	40¼	26½	54¼	26½	45½	39¾	41	3
S								
Safeway Stores	59¼	30½	62⅜	28	56	44	54	3
Sears, Roebuck & Co	37¾	9⅞	47	12½	51¼	40½	49⅛	..
Seaboard Oil—Del	20⅜	6⅝	43⅜	15	37¾	25⅜	37	*.70
Servel, Inc.	5⅜	1½	7½	1½	8¼	4¾	8	..
Shattuck (F. G.)	12¾	5	13¼	5¾	13⅞	6¾	11⅞	.24
Shell Union Oil	8¾	2½	11⅝	4	11½	7⅞	10⅛	..
Simmons Co	13⅜	2¾	31	4⅜	24⅛	17	22	..
Socony-Vacuum Corp	12¼	5¼	17	6	19⅞	15⅛	17	.15
So. Cal. Edison	32¾	15¾	28	14⅛	22⅛	15¼	19¼	2
Standard Brands	17⅞	8⅜	37⅝	13¾	25¼	20⅜	22⅝	1
Standard Gas & Elec. Co	34½	7⅝	22½	5⅛	17	6⅝	12¼	..
Standard Oil of Calif	31⅞	15⅛	45	19½	42⅞	35¼	37⅝	1
Standard Oil of N. J.	37⅜	19⅞	47½	22¾	50⅛	44⅛	45¾	1
Sterling Products	....	....	63	45¾	58	47¼	54¼	3.80
Stewart-Warner	8½	1⅞	11½	2½	10⅝	6¼	9⅛	..
Stone & Webster	17⅜	4⅝	19¼	5½	13¼	6	9½	..
Studebaker Corp.	13¾	2½	8⅜	1½	9¼	4⅜	7⅞	..
T								
Texas Corp	18¼	9¼	30⅛	10¾	29⅜	23⅛	27¾	1
Texas Gulf Sulphur	26¾	12	45¼	15¼	43¼	34½	37½	2
Tide Water Assoc. Oil	5⅝	2	11¾	3⅛	11¾	8½	11½	..
Timken Roller Bearing	22	7¾	35½	13¾	41	29⅛	35½	.60
Transamerica Corp	7½	2½	9⅜	2⅝	8½	6½	7	.12½
Tri-Continental Corp	5½	1½	8¾	2¾	6¾	4⅜	5¼	..
U								
Underwood-Elliott-Fisher	24⅜	7⅜	39½	9¼	51½	36	45½	1
Union Carbide & Carbon	36⅜	15½	51⅞	19¾	50⅞	41½	44⅞	1
Union Oil of Cal	15⅜	8	23⅜	8½	20½	15⅞	18⅛	1
United Aircraft & Trans	34⅜	6½	46⅞	16½	37⅜	17⅝	23¼	..
United Carbon	18	6⅝	38	10¼	40¼	35	38¼	1.72
United Corp	14	3½	14½	4	8⅞	4½	6¼	..
United Corp. Pfd.	39⅜	20	40⅞	22⅛	37⅞	24¾	32¼	3
United Fruit	32⅜	10¼	68	23¼	70⅛	59	69¾	*2½
United Gas Imp	22	9¼	25	13⅞	20⅛	14¼	16⅛	1.20
U. S. Industrial Alcohol	36¼	13¼	94	13½	64¾	50	52⅞	..
U. S. Pipe & Fdy	18⅛	7¼	22⅛	6⅛	33	18	28½	.50
U. S. Realty	11¾	2	14½	2½	12¾	7¾	10⅛	..
U. S. Rubber	10¼	1¼	25	2⅞	21⅞	14¾	20	..
U. S. Smelting, Ref. & Mining	22¾	10	105⅝	13½	135½	96⅝	129	*5½
U. S. Steel Corp	52⅝	21¼	67½	23⅜	59⅞	46	52¼	..
U. S. Steel Pfd	113	51½	105½	53	99½	88	91¾	2
Util. Power & Lt. A	10⅜	1½	8⅞	1⅞	5¾	2⅝	3¾	..
V								
Vanadium Corp	23¾	5¼	36¼	7⅝	31¾	21	27	..
W								
Warner Brothers Pictures	4½	½	9⅛	1	8¼	4⅞	7½	..
Western Union Tel	50	12⅜	77¼	17¼	66⅞	51½	57¼	..
Westinghouse Air Brake	18⅛	9¼	35⅝	11¾	36	26¾	30¾	1
Westinghouse Elec. & Mfg	43½	15⅝	58¾	19⅜	47¼	35¾	38½	..
White Motor	27¼	6⅞	26½	15⅛	28½	16⅝	23	..
Woolworth Co. (F. W.)	45⅝	22	50⅞	25⅛	53⅞	41¼	51⅝	2.40
Worthington Pump & Mach	24	5	39⅞	8	31⅞	21	26¼	..
Wrigley (W. Jr.)	57	25¼	57¼	34½	61	54½	59	*3½

§ Payable in stock. * Including extra.

Answers to Inquiries

(Continued from page 680)

the basis of appreciation possibilities over the longer term the shares appear fairly priced around current quotations and suitable for retention.

STANDARD OIL CO. OF INDIANA

I have 100 shares of Standard Oil of Indiana bought 4 years ago. I am now advised to buy this stock "to average down," but hesitate to do so because of the unsettled conditions in the oil industry. I would like to know whether you advise retaining the stock—whether you recommend buying additional shares at current prices?—T. F. McD., Brooklyn, N. Y.

Standard Oil Co. of Indiana is one of the outstanding units in the petroleum industry, considered as to size, management and finances. It is the dominant refining and marketing organization in the Middle West. As now constituted, the company purchases much of its crude requirements, having sold its producing Pan American foreign properties two years ago to the Standard Oil Co. of New Jersey in anticipation of the import tax on petroleum and its products which was levied shortly thereafter. The consideration was $47,910,106 in cash and 1,778,973 shares of Jersey's common stock to be paid over a period of four years from time of sale, May, 1932. The importance of this large holding in the latter well-integrated concern is not to be disregarded as it means over one share of New Jersey Standard for each 10 shares of Indiana Standard. Since crude oil during the depression has frequently sold considerably below production costs, this company has operated more favorably than those which produced their own requirements. However, last year, crude advanced sharply, stimulating the development of Standard Oil of Indiana's own acreage. It now is purchasing only about 60% of its crude. Net income last year amounted to $17,674,351 equivalent to $1.14 a share of capital stock, as compared with $16,558,282, or $1.04 a share, in 1932. During the year all outstanding funded debt was retired, leaving the common with sole claim on assets and earnings. There is ample reason to believe that current difficulties in the oil industry will be remedied satisfactorily within a reasonable time, and the exceptionally strong financial and trade positions of Indiana Standard

should permit it to share fully in the improvement. Hence, additional purchases of the stock to average down original costs would seem to be a well considered move.

NATIONAL BISCUIT CO.

What is your frank opinion of National Biscuit's earnings prospects? Do you believe its common stock dividend is assured although unearned for two years? Would you advise me to continue to hold 200 shares of the stock on which I am partially dependent for income?—R. P., Lynn, Mass.

National Biscuit Co. began the year with inventories of $11,270,000 in contrast with $8,500,000 at the beginning of 1933. It thus is favorably situated to benefit from higher commodity prices and to meet the increased demands for its products expected as a result of expanding public purchasing power. While it is true that the company earned only $2.11 a common share last year and but $2.44 a share the year before as compared with the present dividend rate of $2.80, there is good reason to believe that no reduction in payments will be made in face of the improved earnings outlook. As of December 31, 1933, current assets totalled $38,948,045 while current liabilities were only $3,696,130. Cash stood at $13,163,790 and U. S. Government, New York City and other marketable securities were carried at $10,864,420. As there is no funded debt and as preferred dividends require only about $1,700,000 per annum, there is no urgent necessity to hold common dividend payments down to a strictly earned basis. Certainly, the strong financial position warrants a modest dip into earned surplus to make up any small deficiency incurred during the depression period. National Biscuit is understood to be receiving an increased demand for biscuits and other staple products and further expansion in demand for the higher priced luxury items may be reasonably anticipated as economic conditions continue to improve. Thus, current year earnings may more closely approximate dividend requirements and give further assurance of the present rate. Retention of your shares seems justified on this basis.

NEW YORK AIR BRAKE CO.

With improved car-loading reports coming to hand, and renewed interest in rail stocks, do you believe New York Air Brake is now in a position to make a better showing? Do you counsel the purchase of its stock at today's prices?—K. D., New York, N. Y.

Increased car-loadings and rising railroad earnings are of especial significance to equipment concerns such as New York Air Brake Co. Not only is adequate and efficient equipment needed to move the heavier traffic, but the railroads feel justified in borrowing or using available cash to buy new equipment. So far this year about $200,000,000 has been made available to the railroads in the form of loans by the Government at low rates for reconditioning purposes. The industry as a whole has already booked orders in excess of the total volume of business received during the past three years. New York Air Brake is favorably situated to derive considerable benefits from the rehabilitation of the railroads and operating results should be gratifying this year. New air-brake equipment has been developed especially adapted for the longer, lighter and faster trains now being put into service. For the year ended December 31, 1933, net loss was $333,378, as compared with loss of $392,644 in the previous year. Current assets at the year-end, including cash and marketable securities of $1,278,186, totalled $2,253,711 while current liabilities were only $166,746. In the peak year of 1929, earnings reached $4.72 a share on a larger number of shares than are now outstanding, namely 260,000 shares. While 1934 undoubtedly will not prove to be as profitable a year as 1929, there is every indication that the company will operate in the black once again. Since there is no funded debt or preferred shares ahead of the common stock, such profits will apply at once to the latter issue. While the shares are admittedly speculative in character, the general outlook for the company is such as to render them attractive at current prices.

PHILLIPS PETROLEUM CO.

In his annual report, the president of Phillips Petroleum says: "Necessary improvement and stabilization depend on the effectiveness of the Washington authorities enforcement of the code, protecting our industry from unfair trade practices, preventing chiseling, price-cutting and other demoralizing practices." In view of this would you recommend buying the stock now?—F. J. S., Cincinnati, O.

In line with the majority of companies engaged in the oil business, Phillips Petroleum was able to report for 1933 earnings above those of the previous year. Net profits for last year amounted to $1,500,695, equivalent to 36 cents a share on the capital stock, compared with $775,766 or 18 cents a share in 1932. During the year, bank loans, which amounted to $5,385,407 at the close of the previous year, were entirely paid off, while approximately $3,000,000 principal amount of the company's 5¼% debenture bonds were purchased for retirement. Although cash was reduced from $7,113,208 to $4,367,557, the latter amount should prove ample for all ordinary requirements. In accordance with the company's policy, inventories were adjusted to market at the close of last year, resulting in a credit adjustment of $2,320,728. With an inventory valued at $14,837,787, it is obvious that any further improvement in the crude oil and gasoline price structure would be of material benefit to the company. Of course, much depends upon the success of the industry's N R A code in combating over-production, price-cutting and generally unfair trade practices. That the code has so far been of material benefit to the company may be clearly seen by comparing the report for the six months ended June 30 with that for the full year. It will be noted that improved conditions since the mid-year permitted the concern to cancel a deficit of $5,324,588 and to report a profit of $1,500,695 by the end of the year. Because of the favorable showing already made by the company and the promising outlook for the petroleum industry as a whole, we feel that moderate speculative commitments in the stock are warranted around current levels.

U. S. RUBBER CO.

Several years ago I bought U. S. Rubber common at 31½. As a new subscriber to your Magazine, I will appreciate your views on this company's prospects. Do you suggest the retention or liquidation of my holdings?—A. B. S., Philadelphia, Pa.

Reflecting generally improved conditions in the industry, U. S. Rubber Co. reported for 1933 net income of $76,913, in marked contrast with the defiicit of $10,726,032 sustained in the previous year. Many operating economies have been effected by the present management since 1929, the full benefits of which will undoubtedly come to light as general conditions in the rubber industry become more satisfactory. Inventory adjustments have had an important bearing on earnings for some time past, but in view of the improved crude rubber price structure, losses from this source should be minimized if not entirely avoided during the current year. As a matter of fact, U. S. Rubber's substantial investment in crude rubber plantations may yet become a source of sizable profits to the company. A satisfactory financial condition was revealed in the year-end balance sheet, with total current assets of $50,099,681, including cash alone of $8,054,291, comparing with current liabilities of

$10,778,827. While the company has rather heavy fixed charges in the form of first mortgage bonds and serial notes, little question exists as to its ability to continue interest service, especially in view of the earnings improvement. Unusually severe winter weather is understood to have considerably aided rubber footwear sales, while demand for automobile tires should register further improvement during early ensuing months. Admittedly, profits on tires remain low, but some improvement along this line may be expected under the industry's N R A code as it affects unfair price-cutting. Giving due consideration to all factors in the situation, we see no need to disturb your position in U. S. Rubber common.

NEW YORK, CHICAGO & ST. LOUIS R.R.

I will appreciate your opinion of the New York, Chicago & St. Louis Railroad. Would you advise me to sell 100 shares of the stock on which I am now even, or do you think I should retain my holdings as a good speculation?—W. T. S., Evanston, Ill.

Traffic volume of the "Nickel Plate" is increasing rapidly due to the great expansion in automobile and steel production. In the first two months of this year some 27,500 more cars of freight were handled than in the same 1933 period, an increase of 20%. Automobile, steel and pig-iron production in March are believed to have run around 150% ahead of March, 1933, which would indicate much larger loadings for the "Nickel Plate" in recent weeks. The road serves the highly competitive industrialized territory centering around Detroit, Chicago, St. Louis and Buffalo, but it has the advantage of a normally large interchange with the Chesapeake & Ohio, Pere Marquette, Wheeling & Lake Erie, and other roads under the Van Sweringen control. The preliminary report for 1933 reveals a net loss after increased fixed charges of $1,205,636, which compares favorably with the deficit of $4,410,434 in 1932. Financial position is restricted, current assets as of January 31, 1934, being $8,050,256 against current liabilities of $10,392,889. Funded debt under existing market conditions presents quite a problem since about $40,000,000 matures prior to 1938 and in addition, $15,000,000 is owed to the R. F. C., which must be paid during the next few years. Due to the fact that dividends have been accumulating unpaid on the 6% preferred stock since the middle of 1931, dividends on the common are quite remote. Nevertheless, the road has shown itself capable of substantial earning power under more favorable operating conditions such as are now in prospect. Thus, retention of your shares would seem warranted for their long pull speculative possibilities.

AFFILIATED PRODUCTS, INC.

I have been holding 50 shares of Affiliated Products for some time and am at a loss to understand why it has not registered a greater advance. Do you feel that prospects of the company warrant retention of my holdings?—H. C. V., Boston, Mass.

Report of Affiliated Products, Inc., for the year ended December 31, 1933, revealed a net profit of $375,778, equivalent, after charges, to 98 cents a share on the capital stock, compared with $639,227 or $1.67 a share in 1932. Comparing the report for the full year with that for the 9 months ended September 30, 1933, it may be noted that the company earned only 8 cents a share in the December quarter. In the corresponding interval of 1932, earnings were equivalent to 28 cents a share. It is obvious, therefore, that unless the earnings trend is soon reversed a downward revision or omission of dividends may be necessary. The company was formed in 1930 to consolidate the assets of Neet, Inc., Louis Philippe, Inc., and Hopper-Kiss-Proof, Inc., all of which companies enjoyed a wide demand for their products. While many operating economies have been effected by the management and the company has been aided to some extent by the trend toward lower priced cosmetics, extreme competitive conditions and its dependence upon extensive and sustained advertising are unfavorable factors in the earnings outlook. Although the company has maintained a satisfactory financial condition, its inability to participate thus far in generally improved conditions throughout the country together with dividend uncertainties detract considerably from the market outlook for the capital stock. Accordingly, we are inclined to suggest that you take advantage of any favorable market opportunity to liquidate your holdings and transfer funds released therefrom to other more promising media.

J. C. PENNEY CO.

A well-informed friend suggests that I buy J. C. Penney common as an investment. I recall though, that you recommended this stock as far back as last April at around 22. I would like to know, therefore, if you believe the shares are too high priced at current levels or if you think they will sell still higher?—S. C., St. Louis, Mo.

Operating 1,466 general apparel stores throughout the country, it was to be expected that J. C. Penney Co. would immediately reflect expanding consumer purchasing power resulting from the Government's recovery program. Sales in the latter half of 1933 were larger than for the final six months of any year since 1929. It is of significance to note that $4.24 a share was earned in the last half-year as compared with $1.27 in the first half. Net profits for the full year 1933 were $14,235,638, equivalent to $5.51 a common share, in contrast with $5,082,672, or $1.57 a share in 1932. It should be noted that the company used surplus cash last year to retire 95,952 shares of 6% preferred stock, thus relieving itself of $575,000 in annual dividends thereon. A further yearly saving of $500,000 in depreciation charges was acomplished through revision in the book value of fixed assets. This means that about 40 cents a share has been made available to the common. Current assets as of December 31, last, including $8,899,646 cash, amounted to $54,133,168 and current liabilities were $8,072,336. Inventories were carried at $45,233,522 and in the event of inflation, the holder of J. C Penney stock would have considerable protection against declining purchasing power of the dollar. The company began 1934 auspiciously, January sales running 43.2% ahead of the previous January, which is ahead of the December increase of 36.3% and the November increase of 27.7%. The favorable earnings outlook and strong financial position warrants either additional extra dividend payments or a permanent upward revision in the regular rate. Present indications are that the common shares are not over-valued at current levels and merit investment consideration.

Loew's Inc.

(*Continued from page 675*)

forth and served as collateral for bank loans and note issues. They were always overhanging the market and as their owners became shakier financially the "overhang" became more ominous.

In January it was reported that part (150,000 shares) of this stock had been liquidated in the open market. There is more to be disposed of, but the manner in which the first block was taken augers well for future marketing operations. Eventually, it is to be supposed that Loew's will possess a normal investor distribution and that any large blocks of stock in one place will be in strong hands. When this happens, market prices undoubtedly will appraise more generously the company's earning power.

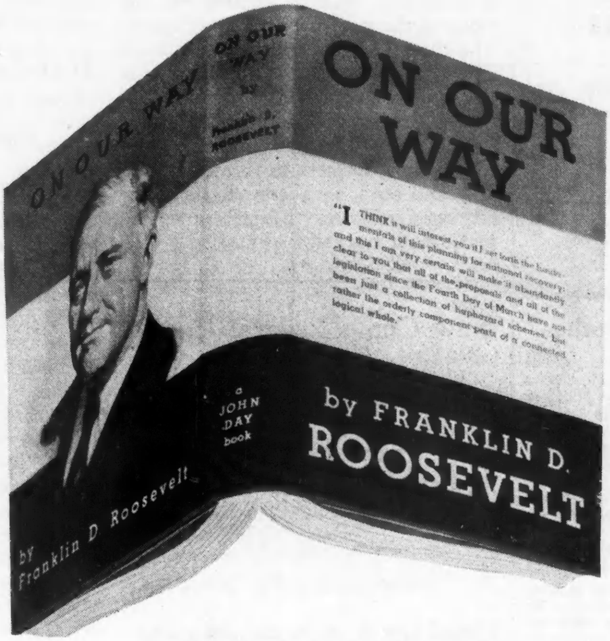
The libel suit won in London by

THE EDITORS OF THE MAGAZINE OF WALL STREET

E. Kenneth Burger

Laurence Stern

Suggest as "Required Reading" for Investors, regardless of Politics



Theodore M. Knappen

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Princess Irina Alexandrovna against Metro-Goldwyn-Mayer Pictures, Ltd., and the similar suits planned against exhibitors here, including Loew's, Inc., while in itself quite an important adverse development, is not one that seriously imperils Loew's, nor should it have any material bearing on the value of the stock over the longer term. The latter depends upon a continuance of the major favorable influences that the industry currently enjoys. It would seem that motion picture profits must necessarily trend upwards with further improvement in theater attendance and the longer term effects of the economy programs that are now well under way.

Now Come Federal Capital Loans

(*Continued from page* 661)

might revive as a sequence of the revival of the consumer industries—but time is of the essence of prosperity.

Something Big, But What?

And here is where the next substantial reconstruction plan comes in. Just what it is nobody knows, but it's something to breathe the breath of life into construction — building — chiefly residence building. The firm of Roosevelt & Jones has decided—the rest is only detail. Somehow about $2,000,000,000 is going to be made available for home builders and rebuilders — some of it, perhaps, by direct loans, from some government agency, which may be taken over in better times by the appropriate private concerns—some, perhaps, by means of another government insurance body, which will insure mortgage companies, building and loan institutions, trust companies, savings banks, etc., against loss if they will loosen their purse strings and put money into constructive circulation.

But all of that may not be enough. What's to be done about refinancing industries and providing long-time capital for new projects? Is the Government going to put its shoulder to that task? It wants private capital to do that job—that long-time financing job. And private capital, fearing inflation, scared by the Securities Act and paralyzed by the Stock Exchange bill, does nothing—except to buy government securities, out of which about all it gets is security. When a strong government gets to the point in its policies when nobody considers industry safe from its restrictive intrusion it naturally accumulates whatever confidence the saving classes have left. The only agency that the investing public trusts will naturally have a monopoly of long-time lending—and must use it.

But, never mind, Washington is now out to revive the capital goods industries and put their millions of men back to work. That's the need of the hour.

Investment Opportunities in Low-Labor-Cost Industries

(*Continued from page* 672)

the company is excellent and funded debt of $48,269,000 is not burdensome. Dividends have been resumed at the modest rate of 12½ cents quarterly and, favored by prospects of further improvement, the present rate would seem definitely in line for upward revision. At recent levels around 17, the shares are selling at the reasonable ratio to earnings of 10 to 1 and would seem to possess better-than-average speculative inducements.

Ranking next in size is Armour & Co. The company shared prominently in the improvement last year and was enabled to make the best showing since 1928. A profit of $8,850,000 was equal, after allowing for guaranteed dividends, to $8.72 a share on the 7% preferred stock. Due to the existence of a large funded debt — $90,000,000 — and the accumulation of $22.75 in back dividends on the preferred stock, the class A and class B common shares are considerably removed from earnings. There is, however, a plan of reorganization being formulated for the purpose of simplifying the company's capital structure. Actual announcement of this plan will probably be withheld until the packers' code has been adopted. In anticipation of this eventuality, the company's preferred shares would seem an attractive speculative vehicle, as in all likelihood the plan of recapitalization will make some provision for back dividends and pave the way for resumption of regular payments. The class A shares also offer possiblities of price enhancement, and because of their low price, around 6, afford an opportunity for larger participation with relatively small capital.

Several factors have made it possible for Cudahy Packing to make a somewhat better showing than that of the packing industry, as a whole. The company is the only one of the Big Four which confines itself to domestic operations, thereby avoiding exchange losses in recent years. Capitalization is moderate and charges ahead of the common stock are not heavy. Furthermore, a desirable element of stability has been imparted to operations by the

large sales of the company's scouring powder, "Old Dutch Cleanser." Throughout the depression the company was able to avoid a deficit. Even in 1932, when other packing units suffered heavy losses, Cudahy was able to show a profit of 70 cents a share for the common stock. Over a seven-year period earnings on the common have averaged $3.50 per share annually, and in 1933 were equal to $2.64. Backed by a strong financial position, proven earning power and a promising outlook the dividend of $2.50 annually may be regarded as secure and the shares should merit favorable consideration both for income and price appreciation.

Wilson & Co. operates a large system of meat packing plants in the United States and South America and profits derived from operations in Latin American countries account for a substantial portion of total income. The improvement which the industry as a whole experienced last year was shared fully by Wilson. Profits of nearly $3,000,000 last year were in marked contrast to the loss of $273,193 in 1932 and a profit of $2,017,156 in 1931. A profit of $120,361 on bonds purchased for sinking fund last year brought net income to $3,055,924, equal to $13.44 per share on 227,248 shares of 7% preferred stock. In the previous year, the preferred stock earned only 22 cents a share. Unpaid dividends have accumulated on the preferred stock in the amount of $26.25 a share, against which a payment of $1.75 a share was made on January 2 and April 2, this year. On the basis of the company's strong cash position and promising outlook, continued payments on the preferred stock of at least $1.75 a share quarterly would seem assured. There is also a live possibility that a more substantial payment against accumulations will be made later in the year. Ranking junior to the preferred shares there are 213,236 shares of class A stock and 534,983 shares of common. Funded debt amounts to $17,488,000. The preferred shares, however, by virtue of their liberal yield and the speculative feature which is accorded them by the possibility of additional payments against accumulations, are the more attractive issue at the present time.

For Features to Appear In the Next Issue

See Page 645

Happening in Washington

(*Continued from page 655*)

strike of motor industry workers. In the first place, all N R A-dom will drop the implicit belief that if it isn't A. F. of L. it isn't union. In the second place, as during the War, men are saying, with Uncle Sam looking after their interests. "Why pay dues to the unions?" The War and its favors for labor almost ruined the A. F. of L.

As to Silver, soft-voiced, gray-haired, double-chinned Emmanuel Goldenweiser, impassively told silver Senators in the Agriculture Committee that the reason they wanted to do something for silver was that they thought there ought to be more money lying around loose. Mr. Goldenweiser intimated that if there was anything looser just now than money he would like to make its acquaintance. It isn't a question of what to use for money but of what to use to get money. Silverites continue to say that plenty of silver will make Far Eastern trade boom. Administration has sent Professor Rogers to China to find out whether the Chinese buy foreign goods with their goods or with silver. Professor Rogers will enjoy the trip, and will know just as much when he comes back as he does now.

In the meantime Senator Wheeler of Montana advocates substantial silver inflation in order to prevent gaseous credit inflation, if I get him right.

Credit Inflation or reflation is what's scaring those good souls in Washington who are always being scared. They say that with Federal Reserve credit resting on Government obligations, as it is, a sharp upturn in business will make the country money poor—so poor in the sense of having a lot of cheap money that it will throw it away. Modern version of the heap-of-money theory is that it is necessary to consider the rate of turnover. The fearful ones tell me that unprecedented quantity and terrific speed may get together before the Ides of November.

Pudgy Bob La Follette is beginning to think that you can have an inflation of reform. So long as there were only limited quantities of Social Reform available, Bob had a corner on it in progressive Wisconsin. Now the Democrats have more Noble Ideals than he—and Bob may lose his Senate seat.

Senator Costigan, Colorado, pallid, lean and ravenlike, most deadly serious member of the Senate, near free trader, must smile when he thinks of his intense interest in the protection of the beet sugar industry.

Official Washington is becoming more interested in Recovery than in Reform. The Congressional elections, you know. A month ago there was lachrymose talk that the Democrats might lose 80 seats in the lower house. Disposition now is to insist that prosperity is emerging from its around-the-corner concealment, and to make the battle cry: "We did it!" Atterbury, Sloan and Taylor are coming to be considered good souls at heart since they proclaimed the return of prosperity. Democratic warnings against rocking the boat are sagely uttered in Capitol lobbies. Republicans are shaking their heads dismally. They voice wishful fears that the revival of the moment will prove factitious and passing.

Having helped about everything else, the Administration now turns to the durable goods industries. Insured home mortgages for new building and renovation is now the Big Idea. Tapping hammers and rattling riveting may drown the knocks of growing criticism. Bread and the circus have been mighty campaign arguments ever since the days of Imperial Rome.

Business Ready to Go But for Politics

(*Continued from page 658*)

February, 1933, and 91.3 in February, 1929. March collections of outstanding accounts averaged 75 per cent better than a year ago and 50 per cent better than the ratio of last June. Accounts in March were paid within an average of 45 days from time of sale, a better showing than in 1929. Especially noteworthy, has been the liquidation of long-standing indebtedness, particularly debts overdue for two years or more. Retail trade in February was 7 per cent higher than a year ago in dollar volume, but under a year ago in unit volume. There was a substantial betterment in March trade, however, with Easter demand in gratifying volume.

On the whole, the evidence is both conclusive and hopeful. We have found nothing on this tour but confirmation of the reports of general economic revival which we set out to verify.

Mr. Sloan is right. Mr. Taylor is right. Mr. Atterbury is right. The Federal Reserve Board is right.

How are things?

Things are picking up.

Pros and Cons of Congressional Investigations

(*Continued from page 659*)

of its aircraft and motor equipment.

More Money Going Out

Now the House is about to spend $10,000 on a search for Nazi propaganda; Mr. Wirt of Gary and his Kerensky story are causing the Treasury the minor expenditure of $500. The House is also to spend $10,000 on a special wild life investigation,—but this does not apply to Wall Street or Broadway—only to the wild life of the open spaces. This excursion into the wilds is to cost only $10,000. The Senate, by the way, has been on the same game trail for the last two years, at $10,000 per.

At one time there have been as many as forty investigations and inquiries going on, the latter involving only regularly expanded expenses, chiefly stenographic, and totalling about $50,000 a year for both houses. The House alone has had as many as 27 outside stenographers on the job of taking down oodles of such remarks by members as: "If the chair pleases I was out yesterday and would like to know what was done."

Besides investigations and inquiries conducted by committees both House and Senate are prone to call upon executive agencies for investigations and special reports. An example is the perennial investigation of the public utilities by the Federal Trade Commission, expenses being covered in the executive appropriations. Another is the revelations by the F. T. C. and the Interstate Commerce Commission of the huge salaries and bonuses enjoyed by business executives during the depression.

The investigations are sometimes farcical and frivolous and the testimony is always heavily laden with "irrelevant, incompetent and immaterial" matter. Occasionally they represent the personal spite or spleen of a single member or a small group. But on the whole they seem to be a necessary evil—one of the inevitable costs of dramatizing popular interest in government, keeping some check on governmental waste and inefficiency and curbing inroads of private greed upon the public welfare.

For Features to Appear in the Next Issue See Page 645

What's New . . . In the World of Books?

IF the medical specialists ever get around to diagnosing the stock market, there will be some amazing new words added to the dictionary. Certainly, for example, the doctors will devise a proper term for the state of nerves so prone to the tape watcher . . . the trigger tenseness that, at the drop of a figurative hat, the rise or fall of a point in an hour's flurry of trading—and no better reason—can plunge him into a headlong decision to buy or sell. Would they call it "neurosis of the ticker?" Or "tickerosis?" Or, because it is akin to optical short-sightedness, "tickeropia" perhaps?

In any case, there is an excellent antidote to ticker nerves in an evening's quiet reading of what the book-writing gentlemen have to say about market currents and cross currents, daily ups-and-downs, and long-swing trends. Thank heaven, it takes weeks at least to get a book written . . . and more weeks to get it through the presses! The book writer is *forced* by the conditions of publishing to look beyond the day's horizon. Otherwise his volume is usually out of date before it appears in print. He is forced to think in terms of basic facts and factors . . . in terms of broad-gauge economic influences which over the long route are far more significant than any current quotations.

Book writers have no corner on market wisdom of course. But whether you agree with them or not, they help you gain the airplane panorama that corrects misleading impressions of the ticker and the daily news. Frequently too, there are new books of immediate, practical worth to the investor—and even the trader.

* * *

1934 Investments and "Common Sense"

A case in point is "Common Sense on Common Stocks." Here is a carefully balanced picture of the whole field of common stock investments, at the same time an observant and thoughtful estimate of the probabilities in specific industries, utility, and other security groups. To illustrate from the section on copper:

> "It is interesting to note that the price of the metal copper reflects inflationary developments quite sensitively . . . such advances do not promise to retain the price levels reached in 1929 and 1930, except in case of war."

Then, after considering the effects of copper scrap, substitutes, foreign competitive production, and the recently imposed tariff, this from the summary:

> "In general, it would seem that any copper mining company which is able to operate at a profit with copper selling at the average price of the depression years, should eventually prove to be an advantageous investment when copper prices rise.
>
> "Some American copper companies are not purely raw material producers because they own subsidiaries which fabricate a good part of the copper produced by mining divisions. . . . It may be that because of the four per cent duty on copper, some of the American producers will find that the ownership of some fabricating subsidiaries has brought results which they had not bargained for originally. These results may be better or worse than expected."

These quotations are typical glimpses of changing market conditions as surveyed by the authors, I. Edwin Tanenbaum and Linhart Stearns. They present no *system* for beating the market. Their book is a genuine "common sense" estimate of opportunities and risks in these changing times.

Its 332 pages include forty-four well-chosen tables. Covici-Friede (March, 1934), $2.50.

* * *

The Doctors Look at Money

Thirty-three books on inflation, gold and currency is the rather astounding score in recent months. Thus are the writers seeking to make plain the tangled ways of the new financial order. Unfortunately, even a reviewer cannot read them all, or even look them over with enough care to judge which is most worth while. Two of the best, however, are surely "Gold and Your Money" by Dr. Willard E. Atkins of New York University and "Dollars" by Dr. Lionel D. Edie of Yale.

The smaller of the two in physical bulk is Dr. Atkins' book. (164 pages for $1.75 as against 293 pages for $2.50—if you figure your books that way.) "Gold and Your Money" offers the average man without technical knowledge of currency matters a clear readable account of this timely subject in limited space. Among other things, Dr. Atkins answers such questions as these:

> What is the Administration trying to do with gold and your money?
>
> Is gold an ideal money or merely an idol?
>
> What is the compensated dollar?; the ideas of Father Coughlin, etc.?
>
> How does money influence business activity?

"Dollars" is a more complete and penetrating study of our currency problem. Although not written in technical language, it has much to offer the "technical" financier as well as the layman. Dr. Edie shows a grasp of the aims and theories of "managed money." In fact he appears to be in hearty sympathy with Administration policies in general—yet there is no special pleading, much less propaganda, from cover to cover. On one point only does Dr. Edie go beyond interpretation of facts and trends. He is convinced that money cannot safely be left to its own devices in this day and age without letting us all in for plenty of trouble. As he phrases it,

> "Nations which fail to master the art of monetary manipulation will tend to go either Fascist or Communist."

Whether you agree or no, you can scarcely fail to close the book with a broader, clearer outlook on the financial landscape of 1934.

"Dollars" by Dr. Lionel D. Edie (293 pages, February, 1934), is published by the Yale University Press at $2.50.

"Gold and Your Money" (164 pages, February, 1934) is published by Robert M. McBride & Co., at $1.75.

* * *

Economics We Didn't Learn in School

Back in 1929 and 1930 many a time-honored tome on Economics (with the capital "E" as in college catalogues) became just another curious old book. And only in recent months have book writers taken courage again to diagnose economic laws from the new-fledged world being nursed through to the teething stage by the hospital staff which hold sway at the nation's Capitol.

One of the most ambitious of the new books on ecomonics (with a small "e" however) comes from the typewriters of that well-known New Dealer, Rexford G. Tugwell, and a less-

known collaborator, Howard C. Hill of The University of Chicago. "Our Economic Society and Its Problems," at a casual glance, suggests a text book except for the neat modern design of its cover. But when we say text book, we mean 1934 text book—quite a different species from the dreary Saharas of words we nodded over sleepily in our school days. There are over 200 photos, drawings, graphs, and tables enlivening the 566 pages of Messrs. Tugwell Hill's new volume... also at each chapter's end a summary, a list of thought-provoking questions, and references.

On the whole, "Our Economic Society" is far better reading than the title might imply. Moreover, whichever side of the New Deal fence one happens to be, he is bound to gain much understanding of such problems of the day as the government's proposed raising the levels of living by its many-ply program.

"The New Capitalism" by James D. Mooney, an industrialist, furnishes a vivid contrast to "Our Economic Society." Even more modern in presentation, it attempts few critical estimate of economic or social aims. Perhaps the most notable feature is a series of charts, pictorial and in color, which show with vivid drama how economic laws function in such cases as price equilibrium in the distribution scheme, balance of exports and imports, and the like. There are some forty of these charts, each a page or more in size... also more than fifty full-page photographs, a remarkable folio of industrial illustrations. It is no exaggeration to call Mr. Mooney's book a unique contribution to book-making.

"The New Capitalism" by James D. Mooney (229 pages, February, 1934) is published by The Macmillan Co., at $3.50.

"Our Economic Society" by Rexford G. Tugwell and Howard C. Hill (566 pages, February, 1934) is published by Harcourt, Brace & Co., at $2.50.

For Features to Appear In the Next Issue

See Page 645

Low Interest Rates Bolster Bonds

(*Continued from page 665*)

6.2%, and the high-grades around 4.1%. In the case of the second-grades the yield has declined 31%, whereas, in the case of the high-grades the decline in yield has been less than 13%. In other words, the lower grade bonds have advanced relatively much further than the better issues.

At the same time, today's second-grades yielding 9% quite obviously are of a lower quality than the bonds that gave this return a year ago—even taking into consideration that the improvement in general business has bettered the credit standing of many companies.

Such a situation puts the bond investor in something of a dilemma. The best bonds yield little and are vulnerable (so far as purchasing value of income goes) to the effects of inflation, while second-grades may be considered to return less than they should when consideration is given to fundamental merit. The problem which has arisen, however, need not be solved immediately. At the moment cheap money is in the saddle. Inflation is only a back-

Bank, Insurance and Investment Trust Stocks

ACTIVE ISSUES

Quotations as of Recent Date

BANK AND TRUST COMPANIES

	Bid	Asked
Bankers (3)	61	63
Brooklyn (4)	93	98
Central Hanover (7)	124	128
Chase (1.40)	27¾	29¼
Chemical (1.80)	39½	41½
City (1)	28¾	30¼
Corn Exchange (3)	54	56
Empire (1)	18¼	19¾
First National (100)	1650	1690
Guaranty (20)	342	347
Irving Trust (1)	17	18½
Manhattan Co. (2)	30½	32½
Manufacturers (1)	21	22½
New York (5)	98	101
Public (1.50)	29½	31
United States Trust (70)	1705	1755

INSURANCE COMPANIES

	Bid	Asked
Aetna Fire (1.60)	37¼	39¼
Aetna Life	18¼	19¾
Carolina (1)	19	20½
Glens Falls (1.60)	28¼	29¾
Globe & Rutgers	48½	53
Great American (1)	19¼	20½
Hanover F. (1.60)	28¼	29¾

INSURANCE COMPANIES—(Continued)

	Bid	Asked
Hartford Fire (2)	49½	51½
Home (1)	20¾	22¼
National Fire (2)	49¾	51¾
North River (.75)	19½	21
Phoenix (2)	58	60
Travelers (16)	445	460
United States Fire (1.40)	37	39
Westchester F. (1.10)	23	24½

INVESTMENT TRUST SHARES

	Bid	Asked
Amer. Founders Trust 7% Pfd.	18	20
Amer. & Gen. Sec. $3 Pfd.	38	43
Bullock Fund	12⅝	13⅝
Collateral Tr. Sh.—A	4⅞	5½
Corporate Trust—AA	2.36	2.49
Incorporated Investors	18.66	20.26
Interl. Sec. Corp. of Amer., Pfd	16	20
Do Cum. Pfd	16	20
Nation-Wide Securities—B	3.49	3.59
No. Amer. Trust Shares, 1958	2.55	2.80
Second Intl. Securities A	1	3
Do 6% Pfd.	28	35
Spencer Trask Fund	17½	18½
U. S. & British Internl. Pfd.	7	12
Uselps A	12½	13

ground consideration which, coupled with favorable business news, is calculated to bolster the price of second-grades and speculatives whether they be relatively high at the moment or not, but which is not yet sufficiently strong to undermine the best issues. Under such conditions, it is to be doubted whether any section of the bond market is threatened with serious decline over the near future.

Sixty Million Customers Weekly

(*Continued from page 663*)

And we may add another phase of the motion picture vista; the producers are discovering that decency is equivalent to dividends if there is interest attached. Only a mildly violent optimist a year or two ago would have ventured belief in the possibility of making a picture, to say nothing of the season smash hit, out of the old Alcott book, "Little Women." And the studio that would have ventured on "Alice in Wonderland" would have been shunned by all the cinematic cognoscenti as just two short jumps from the asylum and the sheriff.

It may be set down here and now that while the intelligentsia who decide on stories must accept the fact that cleanliness pays, that does not mean that they actually believe it, so they will go on experimenting with dirt and debauchery, and losing money thereat, either until they've forgotten how to make it or have gone goofy with the mental effort of understanding the phenomenon of taste they can't appreciate or comprehend.

So, given a measure of economy, story sense, a dash or two of ethics, continuance of exchange disparity, and a trifle of conservatism it is evident that screen securities will be back in public favor on the possible basis of a legitimate business enterprise rather than a hysteria ridden combination of Agua Caliente and the Honduras lottery.

Summary

Columbia Pictures Corp. This company is a relatively small producer which, by virtue of the fact that it has no direct interest in theaters, has managed to avoid many of the serious difficulties experienced by the larger units in the industry. Earnings for the thirteen weeks to September 30, last, were equivalent to $1.36 a common share. Financial position is satisfactory. As a speculation around $30 a share, the stock is not unattractive.

Fox Film. Recapitalized, Fox Film reported a profit equivalent to $0.58 a share on the new stock for the thirty-nine weeks to last December. The company owns no theaters and reports a reasonably good financial position. While obviously speculative, if the company can continue to produce a reasonable number of pictures like "Cavalcade" and "Berkeley Square," the stock eventually should prove profitable.

Loew's, Inc. This organization is well-situated from a trade standpoint, and has well demonstrated earning power. The company is discussed elsewhere in this issue. The preferred stock of Metro-Goldwyn-Mayer Pictures Corp., a subsidiary, possesses considerable investment merit.

Paramount-Publix Corp. How the common stock will fare when the company eventually emerges from the present receivership cannot be known at the moment. The bonds appear a reasonable speculation.

Radio-Keith-Orpheum Corp. This company is in receivership and the reorganization may well be dominated by Radio Corp. which has between sixteen and seventeen million dollars invested in the company. The minority stock hardly seems attractive.

Warner Bros. Pictures, Inc. While reduced, the funded debt of this company is still very large. The profit and loss account moved from the red to the black for the thirteen weeks to November 24, last, and should have continued of the latter color since. Nevertheless the common stock must be considered only as a somewhat risky speculation.

For Profit and Income

(*Continued from page 676*)

were over $6 per common share. As dividend payments during this period were on a conservative basis, approximately $50 per share has been plowed back into the property through earnings. This road also stands to benefit on the completion of the new cut-off by the Denver & Rio Grande Western, creating the shortest transcontinental route. Colorado & Southern was able to pass through the depression without finding it necessary to borrow from the banks or the Reconstruction Finance Corp. and maintains a satisfactory cash position.

* * *

A "Small Loan" Company

Operating, together with its subsidiaries, a small loan business in several hundred cities of the United States, the Beneficial Industrial Loan Corp. has had a relatively satisfactory record throughout the depression. Last year, after preferred dividends, the company's earnings were equivalent to $1.70 a share on each of the 2,092,444

shares of common stock outstanding. In 1932, $1.65 a share was earned. Although the latest earnings do not show any large margin over dividend requirements of $1.50, the current price of $17 a share is at least no more than ten times the latest annual earnings—a more favorable basis than that at which the majority of stocks are selling.

Erie Railroad Co.

(Continued from page 670)

traffic volume of 1931—certainly not a forlorn hope—would do wonders for Erie's net income.

Possessed of a high degree of leverage, the first and second preferred stocks and the common stock would appear to offer considerable long-term speculative attraction around current prices. Continuation of the January-February operating record through the year would mean net income probably well in excess of the $4 dividend to which the first preferred shares are entitled.

Things to Think About

(Continued from page 664)

merchandise agencies should be created and owned by the carriers, but under independent management. These would take over all "L. C. L." freight, as well as the express services, and engage in door to door delivery. Distances would be figured in latitude and longitude, rather than miles. Rates would be fixed to make it unprofitable to move such freight by highway for more than 150 miles or by rail for less than 75 miles. Finally, rail and motor transportation should be co-ordinated by contract, joint rates, lease or ownership, so that merchandise will be concentrated at and distributed from a limited number of key concentration stations by highway and moved between such stations by rail in carload lots. The rails have long been under Federal regulation. All signs indicate that trucks engaged in interstate transportation are heading for the same medicine.

* * *

Roosevelt's Health Is Excellent

Lloyds of London sell insurance against almost every conceivable possibility of loss. What if something happened to President Roosevelt? Would stocks take a tumble? Would business suffer a chill? One doesn't have to worry over such questions. At a premium of $50 per $1,000 per year, Lloyds will insure you against loss in the event Franklin D. Roosevelt ceases to be President of the United States during the term of the policy. The minimum policy, however, is $10,000 and this would cost $500 per year. We hasten to add, as recent photographs show, that the President's health is excellent.

* * *

When Prices Were Low

Eggs were so cheap in England in the Thirteenth Century that they sold for 41 cents a thousand—not a dozen. Chickens were worth a cent apiece, cheese a little over a cent a pound, butter could be had for a cent a pound. Horses brought about $1.50. Oxen were as low as 62 cents apiece and wheat brought 50 cents a quarter. A farm cart could be purchased for 41 cents. Wages of farm labor were two cents a day. Etienne Robo, who compiled these prices for Economic History, calculates that money is now worth only about one-fortieth as much as it was then.

MARKET STATISTICS

	N. Y. Times	Dow, Jones Avgs.		N. Y. Times 50 Stocks		
	40 Bonds	30 Indus.	20 Rails	High	Low	Sales
Monday, March 26	81.66	100.95	47.84	91.05	89.49	1,275,330
Tuesday, March 27	81.41	98.76	46.62	88.30	86.95	1,587,050
Wednesday, March 28	81.48	99.02	46.90	88.84	87.69	843,725
Thursday, March 29	81.56	100.31	47.31	89.37	88.33	1,021,640
Friday, March 30	HOLIDAY—EXCHANGE CLOSED					
Saturday, March 31	81.56	101.85	47.92	90.04	89.05	514,510
Monday, April 2	81.63	101.96	48.11	90.62	89.69	1,367,830
Tuesday, April 3	81.76	102.74	48.58	90.99	89.66	1,334,955
Wednesday, April 4	82.27	103.19	48.81	91.84	90.50	1,564,540
Thursday, April 5	82.78	103.37	48.79	92.17	90.77	1,418,310
Friday, April 6	82.88	103.95	49.20	92.38	91.18	1,014,760
Saturday, April 7	83.01	103.60	49.22	92.23	91.74	549,020

KEEP POSTED

The pieces of literature listed below have been prepared with the utmost care by business houses advertising in this issue. They will be sent free upon request, direct from the issuing houses. Please ask for them by number. We urge our readers to take full advantage of this service. Address Keep Posted Department, Magazine of Wall Street, 90 Broad Street, New York, N. Y.

"ODD LOT TRADING"
John Muir & Co., members New York Stock Exchange, are distributing their booklet to investors. (225)

WHEN TO BUY AND WHEN TO SELL
The Investment and Business Forecast, a security advisory service, conducted by The Magazine of Wall Street, definitely counsels subscribers what securities to buy or sell short and when to close out or cover. (783)

"TRADING METHODS"
This handbook, issued by Chisholm & Chapman, contains much helpful information for traders. A copy together with their Market Letter will be mailed upon request. (785)

INVESTMENT PROFIT INSURANCE
The most logical form of investment profit insurance is represented by the personal and continuous counsel rendered by the Investment Management Service. Write for full information. No obligation. (861)

"SOME FINANCIAL FACTS"
An interesting booklet issued upon request by the Bell Telephone Securities Co. (875)

ELECTRIC BOND & SHARE CO.
Full information or reports on companies identified with Electric Bond & Share Co., furnished upon request. (898)

GUARANTY TRUST CO.
Comprehensive details of this company's resources mailed upon request. (924)

"HOW TO PROTECT YOUR CAPITAL AND ACCELERATE ITS GROWTH—THROUGH TRADING"
Is the title of an interesting article by E. B. Harmon of A. W. Wetsel Advisory Service, sent upon request. (936)

MARGIN REQUIREMENTS, COMMISSION CHARGES
Springs & Co., have prepared a folder explaining margin requirements, commission charges and trading units. Copies gladly sent investors and traders. (939)

INVESTMENT INFORMATION
A well known Stock Exchange firm will be glad to receive inquiries pertaining to investment matters. (959)

THE TRADING PROFITS SERIES
General Market Publications, publishers of the "Trading Profits Series" of $1.00 books on the stock market are distributing a free descriptive folder. Copy on request. (976)

STOCK QUOTATION RECORD
Statistical data on all stocks dealt in on New York Stock Exchange. Write for copy on business letterhead. (975)

New York Curb Exchange

ACTIVE ISSUES

Quotations as of Recent Date

Name and Dividend	1934 Price Range High	Low	Recent Price
Alum. Co. of Amer.	85¾	65	78
Amer. Cyanamid B (.25)	21	15⅛	21
Amer. Gas & Elec. (1)	33⅜	18⅝	26
Amer. Lt. & Tr. (1.60)	19⅜	10¾	15½
Amer. Superpower	4⅞	2¼	3⅛
Assoc. Gas Elec. "A"	2¼	¾	1¼
Atlas Corp.	15½	10¼	13
Canadian Indus. Alco. "A"	20⅜	13¼	16
Cities Service	4¼	1¾	3
Cities Service Pfd	26⅞	11¼	17
Cleveland Elec. Illum. (2)	30½	25	29
Colum. G. & E. cv. Pfd. (5)	103	68	92¾
Consol. Gas Balt. (3.60)	65	53	59¼
Cord Corp (.25)	8⅝	5½	7
Creole Petroleum	13	9⅝	11½
Distillers Cp. Seag	26⅝	16⅞	19⅞
Elec. Bond & Share	23½	10⅞	17⅜
Elec. Bond & Share Pfd. (6)	60	31	51⅞
Elec. Pr. Assoc. (.40)	8	3¾	6⅛
Ford Motor of Can "A"	24⅞	15	23½
Ford Motor, Ltd	7⅝	5½	7⅛
General Tire	98½	64½	95
Glen Alden Coal	20¾	10¾	17¼
Great A. & P. Tea N.-V. (7)	150	122	137
Gulf Oil of Pa.	76¾	58⅛	68¼
Hudson Bay M. & S.	13⅜	8¾	13
Humble Oil (1)	45	33¼	44⅞
Imperial Oil (.50)	14½	12⅝	14⅜
Inter. Petrol. (1.12)	24⅜	19⅜	24
Lake Shore Mines (2)	54⅝	41½	52⅛
Mead-Johnson & Co	59⅞	45	53½
Niagara Hudson Pwr.	9¾	4⅞	6½
Novadel-Agene (6)	68	57	64
St. Regis Paper	5⅛	2⅛	3⅝
South Penn Oil (1.20)	23⅞	17½	23½
Standard Oil of Ind. (1)	32¾	25	27⅜
Swift & Co. (.50)	19	13⅞	17
Swift Int'l (2)	30¼	23¾	29
United Founders	1½	11/16	1⅛
United Gas Corp.	3¾	1⅞	3
United Lt. & Pwr. A	5⅜	2⅜	3⅝
United Shoe Mach. (5)	67	57¾	61⅞
Walker Hiram H. W.	57½	41	45¾

The movement of stock prices on the New York Curb Exchange has tended irregularly upward for the last fortnight, reversing seven weeks of intermediate decline. While industrial and metal shares generally have retraced approximately half of the reaction from the year's high of early February to the 1934 low of the last week in March and a few issues have crept up to new highs, trading on the rally has been too light to carry much conviction and the recovery has been highly selective.

Technical Requirements Met

In recovering approximately 50 per cent of the preceding decline, the market has conformed to the normal technical requirements and around present levels has attracted profit-taking by traders.

Technical correction thus far, however has produced only light selling and has been accompanied by a marked shrinkage in activity. Following the test of secondary reaction, the early future should rather promptly reveal whether recent rallying tendencies can expand into the long predicted spring advance.

The current business news offers satisfactory support. On the favorable side also are fresh indications that the Fletcher-Rayburn bill for Federal regulation of security exchanges will in all probability be further modified. On the other hand, renewed labor troubles at Detroit, hampering motor production in some plants, tends to dampen speculative enthusiasm.

Gold Stocks Firm

Evidently the thoughts of speculators and investors can not stray very far from the question of inflation. Shares of the gold-mining companies are holding close to the highest levels of the year. Indeed, Lake Shore and Pioneer have reached new highs. Aluminum Co. of America also has advanced briskly.

Chemical issues also remain in high favor, American Cyanamid and Dow Chemical shares having scored new highs of recovery. Among the petroleum stocks Humble Oil and International Petroleum are at new highs. Ford Motor of Canada holds within a fraction of the year's high, reflecting Ford's strong come-back in trade position.

Reflecting further political attack in various sectors, the public utility stocks remain under moderate pressure. Most issues in this group have failed to participate in the recent rally.

Cumulative Index to Volume 53

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CAMEL